MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

$100,000,000 Series 27 Bonds

with

Warrants to Purchase

$100,000,000 Series 28 Bonds

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NEW ISSUE

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Series 27 Bonds is exempt from Federal income taxes, and shall at all times be free from New York State and New York City personal income taxes.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
(A Public Benefit Corporation of the State of New York)

$100,000,000

10 1/2% SERIES 27 BONDS DUE JULY 1, 2008

with

WARRANTS TO PURCHASE UNTIL JANUARY 18, 1983

$100,000,000

10 1/2% SERIES 28 BONDS DUE JULY 1, 2007

Principal of and interest on the Series 27 and 28 Bonds are payable at the corporate trust office of The Chase Manhattan Bank, N.A., New York, New York, or at the option of the holder at Bank of America N.T. & S.A., San Francisco, California, unless registered. Interest on the Series 27 Bonds is payable July 1, 1981 and semi-annually thereafter on each January 1 and July 1. Interest on the Series 28 Bonds is payable semi-annually after issue thereof on each January 1 and July 1. The Series 27 and 28 Bonds will be issued as coupon bonds in the denomination of $5,000 each, registrable as to principal only, or as fully registered bonds in the denomination of $5,000 or any integral multiple of $5,000. Coupon and registered bonds of each系列 are interchangeable for Bonds of the same Series as more fully described herein.

The Series 27 and 28 Bonds are subject to redemption at the option of the Corporation on or after July 1, 1991 as a whole on any date, or in part on any interest payment date or dates, at an initial redemption price of 102% of the principal amount thereof, plus, in each case, accrued interest to the redemption date, all as more fully described herein. The Series 27 and 28 Bonds are also subject to redemption from mandatory sinking fund installments on each July 1, commencing July 1, 1996, and July 1, 1984, respectively, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, all as more fully described herein.

The Trustee under the Second General Bond Resolution (pursuant to which the Series 27 and 28 Bonds are to be issued) is United States Trust Company of New York.

10% Series 27 Term Bonds due July 1, 2008 with Warrants @ 100%
(Plus accrued interest from February 1, 1981)

There will be delivered with each $5,000 principal amount of Series 27 Bonds a Warrant entitling the holder thereof to purchase $5,000 principal amount of Series 28 Bonds at par plus accrued interest to the delivery date thereof. The Warrants will expire on January 18, 1983, will be delivered only in bearer form and may be transferred separately from the Series 27 Bonds immediately after issuance. The Series 28 Bonds will be deliverable on the 25th day of each month upon exercise of the Warrants on or prior to the 19th day of each month. The Warrants, the exercise thereof and the Series 27 and 28 Bonds are more fully described herein.

The Series 27 and 28 Bonds are payable from certain per capita State aid and, to the extent not required for payment of certain other obligations of the Corporation, including bonds issued under the Corporation's First General Bond Resolution, revenues derived from certain sales and compensating use taxes imposed by the State of New York within The City of New York and, under certain conditions, the State stock transfer tax. The State is not bound or obligated to continue to appropriate such per capita State aid or to continue the imposition of such taxes or to make the necessary payments of such per capita State aid or the necessary appropriations of the revenues derived from such taxes. The Corporation has no taxing power. The Series 27 and 28 Bonds do not constitute an enforceable obligation, or a debt, of either the State or the City, and neither the State nor the City shall be liable thereon. Neither the faith and credit nor the taxing power of the State or the City is pledged to the payment of principal of or interest on the Series 27 and 28 Bonds.

The Series 27 Bonds and the Warrants are offered when, as and if issued by the Corporation and received by the Underwriters and subject to approval of legality by Hawkins, Delafield & Wood, New York, New York, Bond Counsel to the Corporation. Certain legal matters will be passed on for the Corporation by its General Counsel, Paul, Weiss, Rifkind, Wharton & Garrison, New York, New York. Certain legal matters will be passed on for the Underwriters by their counsel, White & Case, New York, New York. It is expected that the Series 27 Bonds and the Warrants in definitive form will be available for delivery on or about February 5, 1981.

Salomon Brothers

Goldman, Sachs & Co.
Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated

Citibank, N.A.
The Chase Manhattan Bank, N.A.

Bache Halsey Stuart Shields Inc.

Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin

The date of this Official Statement is January 21, 1981
No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 27 Bonds or the Warrants or any other securities of the Municipal Assistance Corporation For The City of New York by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been provided by such Corporation and by other sources which are believed to be reliable by such Corporation, but it is not guaranteed as to its accuracy or completeness and is not to be construed as a representation by the Underwriters. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of such Corporation or of the State of New York or of The City of New York since the date hereof. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

IN CONNECTION WITH THE OFFERING OF THE SERIES 27 BONDS WITH WARRANTS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS WITH WARRANTS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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PART 1—INTRODUCTION

Certain factors and additional information that may affect decisions to invest in the Series 27 Bonds and the Warrants are described throughout this Official Statement which should be read in its entirety. Certain terms used in this Official Statement are defined in the Appendix beginning on page 48.

The Corporation

The Municipal Assistance Corporation For The City of New York is a public benefit corporation of the State created for the purpose of providing financing assistance and fiscal oversight for the City.

The Bonds and the Warrants

The Series 27 and 28 Bonds will be issued pursuant to the Corporation's Second General Bond Resolution. Certain revenues of the Corporation described below are pledged to the payment of the Series 27 and 28 Bonds, which are general obligations of the Corporation and are not obligations of either the State or the City. The Warrants will be executed and delivered pursuant to the Warrant Agreement and will, upon delivery, entitle the holders thereof to purchase Series 28 Bonds of the Corporation until January 18, 1983. For a more detailed description of the Warrants, the manner of exercise thereof, certain conditions which must be satisfied prior to the issuance and delivery of the Series 28 Bonds, and certain tax consequences of purchases and sales of Series 27 and 28 Bonds and the Warrants, see "PART 2—BONDS AND WARRANTS BEING OFFERED."

Payment of the Bonds and Debt Service Coverage

The Corporation's revenues pledged to the payment of Second Resolution Bonds are derived from moneys that are paid to the Trustee, subject to annual appropriation by the State Legislature, from three sources: Per Capita Aid and (after satisfying debt service, operating expenses and capital reserve funding requirements under the Corporation's First General Bond Resolution) the Sales Tax and the Stock Transfer Tax. "Per Capita Aid" consists of amounts that otherwise would have been payable to the City under the State law that provides for a general revenue sharing program applicable to localities throughout the State. The "Sales Tax" consists of a State sales tax imposed within the City, at the rate of 4%, on most retail and certain other sales. The "Stock Transfer Tax" consists of the State tax on the transfer of stocks and certain other securities. The Corporation has no taxing power.

Assuming that amounts available to the Corporation from Per Capita Aid, Sales Tax and Stock Transfer Tax continue at present levels, Available Revenues for debt service on all outstanding Second Resolution Bonds, including the Series 27 Bonds, and assuming the issuance of $100 million of Series 28 Bonds, would be as follows:

(Dollars in millions)

- Sales Tax (12 months ended December 31, 1980)
- Stock Transfer Tax (12 months ended December 31, 1980)
- operating expenses of the Corporation
- maximum annual debt service payment on currently outstanding First Resolution obligations (issuance test limits annual debt service to $425 million)
- available tax revenues after provision for First Resolution obligations
- available Per Capita Aid (for the Corporation's 1980 fiscal year), net of $65 million of potential prior claims (none of which has been asserted since the inception of the Corporation)
- Available Revenues

- maximum annual debt service payment on currently outstanding Second Resolution Bonds (including the Series 27 Bonds and assuming the issuance of $100 million of Series 28 Bonds)

Debt Service Coverage

3.45
The authority of the State to impose and collect the Sales Tax and pay the Sales Tax and Stock Transfer Tax revenues to the Corporation has been affirmed by the State's highest court, and the United States Supreme Court dismissed the appeal of the State court's decision for lack of a substantial Federal question.

For further information with respect to the Corporation's revenues and debt service, as well as estimated coverage ratios, see "PART 6—PAYMENT OF THE BONDS" and "PART 7—DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS."

Limitations on Bond Issuance

The Corporation has covenanted not to issue additional Second Resolution Bonds unless available revenues, calculated substantially in the manner outlined above, would cover estimated maximum annual debt service payments on Second Resolution Bonds at least 2 times. The Corporation has covenanted with the Warrantholders to consider the principal amount of Series 28 Bonds covered by outstanding Warrants as outstanding for purposes of any such calculation.

The Corporation has covenanted not to issue additional First Resolution obligations if the maximum annual debt service payments on all First Resolution obligations would exceed $425 million. Maximum annual debt service on currently outstanding First Resolution obligations is $338 million.

Appropriation of Revenues

The Legislature has appropriated Per Capita Aid, the Sales Tax and the Stock Transfer Tax for the benefit of the Corporation for each of the State's fiscal years since the inception of the Corporation. The Corporation expects that the Legislature will continue to make such appropriations so long as the Corporation's bonds are outstanding. Under the State Constitution, however, the Legislature cannot be bound or obligated to appropriate such revenues for the benefit of the Corporation.

The Corporation believes that any failure by the State to make annual appropriations as expected would have a serious impact on the ability of the State and its agencies to raise funds in the public credit markets.

Outstanding Debt of the Corporation

After the issuance of the Series 27 Bonds, and assuming the issuance of $100 million of Series 28 Bonds, the Corporation will have outstanding an aggregate of $6.703 billion of its bonds, $4.321 billion issued under the Second General Bond Resolution and $2.382 billion issued under the First General Bond Resolution.

The Corporation's First and Second Resolution obligations each have the benefit of a capital reserve fund held by the Trustee. As at December 31, 1980, there was on deposit in such funds $309.7 million and $449.4 million, respectively.

Debt Issuance Plan

The Series 27 and 28 Bonds are being offered as part of the Debt Issuance Plan developed by the Corporation and the City. The Debt Issuance Plan provides necessary long-term financing for the City to enable the City to finance fully its capital needs through December 31, 1984.

The Debt Issuance Plan provides for completion of public sales of $1.85 billion of the Corporation's bonds through December 31, 1984, and completion of the sales to the Financial Institutions and the City Pension Funds of $861.7 million of the Corporation's bonds during the 1981 and 1982 fiscal years, of which $300 million were sold in October 1980. It also provides for public sales of $1.7 billion of City bonds through fiscal year 1985 and private sales of $900 million of federally guaranteed City bonds through December 31, 1984, of which $300 million were sold in October 1980.

The Corporation has sold $100 million of its bonds publicly during the 1981 fiscal year, and intends to issue an additional $300 million of bonds, of which the Series 27 Bonds is a portion, during the remaining two quarters of such fiscal year.
The implementation of the Debt Issuance Plan is subject to numerous and complex legislative and contractual conditions which may be difficult to fulfill and many of which are not within the control of the Corporation or the City. Such conditions include the consent of the Secretary of the Treasury to the issuance of federally guaranteed City bonds in the 1982 fiscal year. See “PART 5—DEBT ISSUANCE PLAN.”

Certain institutional investors, some of which are underwriters of this offering, hold substantial amounts of bonds of the Corporation and have agreed under the Debt Issuance Plan to purchase significant additional amounts of the Corporation’s bonds in the 1981 and 1982 fiscal years of the Corporation. Such investors may from time to time during and after the time when the Series 27 Bonds with Warrants are being offered to the public, offer or sell bonds of the Corporation, which may have an adverse effect on the market price of the Series 27 and 28 Bonds and the Warrants.

The Corporation believes that the market for and the market price of the Series 27 and 28 Bonds and the Warrants and the sources of payment of the Series 27 and 28 Bonds may be affected by certain other factors described elsewhere in this Official Statement. See “PART 5—DEBT ISSUANCE PLAN”, “PART 8—CERTAIN DEVELOPMENTS AFFECTING THE STATE” and “PART 9—CERTAIN DEVELOPMENTS AFFECTING THE CITY.”

PART 2—BONDS AND WARRANTS BEING OFFERED

The Series 27 Bonds are being offered together with the Warrants. Descriptions of the Series 27 Bonds, the Warrants, the Series 28 Bonds, and certain factors relating to each of them are set out below.

General

The Series 27 and 28 Bonds will be issued pursuant to the Second General Bond Resolution and the Series 27 and 28 Resolutions, respectively. The Series 27 Bonds will be dated and bear interest from February 1, 1981 and mature on July 1, 2008. The Series 28 Bonds issued prior to July 1, 1981 will bear interest from February 1, 1981 and the Series 28 Bonds issued thereafter will bear interest from the interest payment date on the Series 28 Bonds immediately preceding the delivery of such Bonds. The Series 28 Bonds will mature on July 1, 2007.

The Series 27 and 28 Bonds will be issued as coupon bonds in the denomination of $5,000 each, registrable as to principal only, or as fully registered bonds in the denomination of $5,000 or any integral multiple of $5,000. Coupon bonds and fully registered bonds will be interchangeable. The Series 27 and 28 Bonds will be registrable on the books of the Corporation at the corporate trust office of the Trustee.

For every exchange or transfer of the Series 27 or 28 Bonds, the Corporation or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The cost of preparing each new Series 27 or 28 Bond issued upon such exchange or transfer and any other expenses of the Corporation or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) will be paid by the Corporation as operating expenses.

Pursuant to the Act, the Series 27 and 28 Bonds will include the 1978 State Covenant to the effect that the State will not take certain actions, including any action that will substantially impair the authority of the Control Board to act in specified respects with regard to the City. See “PART 11—AGREEMENT OF THE STATE OF NEW YORK.”

The Corporation may from time to time direct the Trustee to purchase with moneys in the Bond Service Fund, Series 27 and 28 Bonds at or below par plus unpaid interest accrued to the date of such
purchase, and apply any Bonds so purchased as a credit, at par, against and in fulfillment of a required Sinking Fund Installment on the Series of Bonds so purchased. See “PART 14—SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION—Bond Service Fund.” To the extent the Corporation fulfills its obligations to make Sinking Fund Installments in a particular year through such purchases of such Bonds, the likelihood of redemption by lot of any holder’s Bonds of such Series through the operation of the sinking fund will be reduced for such year. The Corporation has in the past made such purchases with respect to certain Series of its Second Resolution Bonds and may in the future do so with respect to the Series 27 and 28 Bonds.

United States Trust Company of New York is the Trustee under the Second General Bond Resolution. Its corporate trust office is located at 45 Wall Street, New York, New York 10005. For further information concerning the Trustee, see “PART 15—TRUSTEE.”

**The Series 27 Bonds**

**Optional Redemption**

The Series 27 Bonds are subject to redemption at the option of the Corporation on or after July 1, 1991, as a whole on any date, or in part by lot on any interest payment date or dates, at the following redemption prices (expressed as percentages of the principal amount), plus accrued interest to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1991 to December 31, 1992</td>
<td>102%</td>
</tr>
<tr>
<td>January 1, 1993 to June 30, 1994</td>
<td>101½</td>
</tr>
<tr>
<td>July 1, 1994 to December 31, 1995</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1996 to June 30, 1997</td>
<td>100½</td>
</tr>
<tr>
<td>July 1, 1997 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

**Sinking Fund Redemption**

The Series 27 Bonds are also subject to redemption, in part by lot, on July 1 in each of the years, and in the respective principal amounts set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory “Sinking Fund Installments” which are required to be made in amounts sufficient to redeem on July 1 of each year, the principal amount of such Series 27 Bonds specified for each of the years shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>$5,830,000</td>
</tr>
<tr>
<td>1997</td>
<td>5,920,000</td>
</tr>
<tr>
<td>1998</td>
<td>6,015,000</td>
</tr>
<tr>
<td>1999</td>
<td>6,105,000</td>
</tr>
<tr>
<td>2000</td>
<td>6,200,000</td>
</tr>
<tr>
<td>2001</td>
<td>7,710,000</td>
</tr>
<tr>
<td>2002</td>
<td>7,965,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$8,235,000</td>
</tr>
<tr>
<td>2004</td>
<td>8,525,000</td>
</tr>
<tr>
<td>2005</td>
<td>8,835,000</td>
</tr>
<tr>
<td>2006</td>
<td>9,175,000</td>
</tr>
<tr>
<td>2007</td>
<td>9,535,000</td>
</tr>
<tr>
<td>2008</td>
<td>9,950,000*</td>
</tr>
</tbody>
</table>

* Payment at maturity.

Giving effect to the Sinking Fund Installments set forth above, the average life of the Series 27 Bonds would be approximately 22.1 years, calculated from February 1, 1981.

**The Warrants**

**General**

The Warrants are to be delivered in bearer form only pursuant to a Warrant Agreement to be dated as of February 1, 1981 between the Corporation and United States Trust Company of New York, as Warrant Agent. The Warrants will be offered together with the Series 27 Bonds and purchasers will receive one Warrant for each $5,000 in principal amount of Series 27 Bonds purchased. The Warrants may be transferred separately from the Series 27 Bonds. Each Warrant will entitle the holder to purchase $5,000 in principal amount of Series 28 Bonds at a purchase price of $5,000 plus accrued interest to the delivery date of such Series 28 Bonds.
The Warrantholders do not have the rights of bondholders under the Second General Bond Resolution or the Series 27 or 28 Resolutions.

The Corporation can give no assurance that a market for the Warrants will develop. The value of the Warrants from time to time will be determined primarily by the market rate of interest on bonds of the Corporation comparable to the Series 28 Bonds, which rate will be affected by numerous factors, including the amount and timing of future issuances of the Corporation's bonds. See "PART 5—DEBT ISSUANCE PLAN."

Exercise of Warrants

Each Warrant may be exercised by physical delivery of the Warrant and payment of the purchase price to the Warrant Agent at any time after February 5, 1981, and on or before 3:30 P.M., New York City time, on January 18, 1983, all as more fully described in the Warrant. Warrants not exercised on or before January 18, 1983, shall become void. Series 28 Bonds will be delivered on the 25th day of each month with respect to all Warrants exercised on or prior to 3:30 P.M., New York City time, on the 18th day of such month. Series 28 Bonds to be delivered upon the exercise of Warrants will be delivered in accordance with the instructions of the exercising Warrantholder, but at the sole cost and risk of such holder.

Conditions to Issuance of Series 28 Bonds

The Corporation has undertaken in the Warrants to deliver Series 28 Bonds upon proper exercise of the Warrants, and to deliver therewith an opinion of Bond Counsel as to approval of legality, including an opinion to the effect that under then existing statutes and court decisions interest on the Series 28 Bonds is exempt from Federal income taxation. This undertaking is unconditional. The Corporation has heretofore authorized the issuance of up to $100 million of its Series 28 Bonds. If the Corporation fails or is unable to deliver such Bonds or such opinion, a breach of contract would exist and the Warrantholders could pursue their legal remedies. The legal power of the Corporation to issue such Series 28 Bonds is subject to the provisions of the Act, the Second General Bond Resolution and certain other resolutions and agreements of the Corporation that must be satisfied at the time each Series 28 Bond is issued and delivered. The ability of the Corporation to satisfy such provisions or comply with then applicable law, however, may be affected by factors not within the control of the Corporation which could prevent the Corporation from issuing Series 28 Bonds upon the exercise of the Warrants. The ability of Bond Counsel to issue its opinion is subject to laws and regulations then in effect and certain factual and legal determinations to be made at the time of such issuance. For a description of coverage ratio limitations on the issuance of additional bonds and the Corporation's estimate that it can issue the Series 28 Bonds within all applicable coverage ratio requirements, see "Additional Bonds and Notes" in this Part 2 and "PART 7—DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS—Debt Service Requirements and Estimated Coverage Ratios."

Covenants for the Benefit of Warrantholders

To protect the interests of the Warrantholders, the Corporation has covenanted in the Warrants (i) to consider as issued and outstanding all Series 28 Bonds issuable upon exercise of all outstanding Warrants for purposes of determining the Corporation's right to issue additional bonds, (ii) to obtain the consent of the holders of a majority (or in certain cases all) of the outstanding Warrants prior to amendment of either the Series 28 Resolution or the Second General Bond Resolution in any manner that would adversely affect the Warrantholders, and (iii) to deliver to exercising Warrantholders, simultaneously with delivery of the Series 28 Bonds, an opinion of the Corporation's Bond Counsel as to approval of legality of the Series 28 Bonds, including an opinion to the effect that under then existing statutes and court decisions interest on the Series 28 Bonds is exempt from Federal income taxation.

The Series 28 Bonds

Optional Redemption

The Series 28 Bonds are subject to redemption at the option of the Corporation on or after July 1, 1991, as a whole on any date, or in part by lot on any interest payment date or dates, at the following
redemption prices (expressed as percentages of the principal amount), plus accrued interest to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1991 to December 31, 1992</td>
<td>102%</td>
</tr>
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<td>101½</td>
</tr>
<tr>
<td>July 1, 1994 to December 31, 1995</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1996 to June 30, 1997</td>
<td>100¼</td>
</tr>
<tr>
<td>July 1, 1997 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

**Sinking Fund Redemption**

The Series 28 Bonds are also subject to redemption, in part by lot, on July 1 in each of the years set forth below, at 100% of the principal amount required to be redeemed, as determined by applying the percentage set forth below to the principal amount of all Series 28 Bonds issued upon the exercise of the Warrants (with certain rounding adjustments permitted by the Series 28 Resolution), plus accrued interest to the date of redemption, from mandatory “Sinking Fund Installments”:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>2.835%</td>
<td>1996</td>
<td>3.570%</td>
</tr>
<tr>
<td>1985</td>
<td>2.895</td>
<td>1997</td>
<td>3.635</td>
</tr>
<tr>
<td>1986</td>
<td>2.955</td>
<td>1998</td>
<td>3.695</td>
</tr>
<tr>
<td>1988</td>
<td>3.080</td>
<td>2000</td>
<td>5.075</td>
</tr>
<tr>
<td>1989</td>
<td>3.140</td>
<td>2001</td>
<td>5.275</td>
</tr>
<tr>
<td>1990</td>
<td>3.205</td>
<td>2002</td>
<td>5.490</td>
</tr>
<tr>
<td>1991</td>
<td>3.265</td>
<td>2003</td>
<td>5.730</td>
</tr>
<tr>
<td>1992</td>
<td>3.325</td>
<td>2004</td>
<td>5.985</td>
</tr>
<tr>
<td>1994</td>
<td>3.450</td>
<td>2006</td>
<td>6.565</td>
</tr>
<tr>
<td>1995</td>
<td>3.510</td>
<td>2007</td>
<td>6.895*</td>
</tr>
</tbody>
</table>

* Payment at maturity.

Giving effect to the Sinking Fund Installments set forth above, the average life of the Series 28 Bonds would be approximately 16.9 years, calculated from February 1, 1981 on the assumption that all $100 million of the Series 28 Bonds were issued on that date.

**Certain Tax Consequences**

This summary of certain tax consequences of the purchase and sale of Series 27 and 28 Bonds and the Warrants does not purport to deal with all aspects of taxation which may be relevant to particular investors. For example, special rules apply to insurance companies and dealers in tax-exempt securities. There are no provisions of the Internal Revenue Code (the “Code”) or regulations (the “Regulations”) or rulings of the Internal Revenue Service (the “IRS”) that expressly apply to tax-exempt securities issued with Warrants such as the Series 27 Bonds. However, the IRS has applied certain principles of the Code and Regulations that are applicable to taxable securities in certain rulings concerning tax-exempt securities. Although the Corporation can give no assurance that the IRS will apply the principles reflected in the Code and such Regulations relating to taxable securities to the Series 27 and 28 Bonds and the Warrants, the Corporation has no reason to believe that the IRS would not do so in respect of questions for which no tax-exempt rules are applicable. If such principles were to be applied, certain tax consequences of purchases and sales of the Series 27 Bonds, the Warrants or the Series 28 Bonds would be as described below. Persons with questions concerning the detailed tax consequences of transactions in Series 27 and 28 Bonds and the Warrants should consult their own tax advisors.

**The Series 27 Bonds**

Subject to the foregoing, the offering price ($5,000) of each unit consisting of a Series 27 Bond together with a Warrant, should be allocated between the Series 27 Bond and the Warrant.
Such allocation should be made in the proportion that the "fair market value" of each bears to the aggregate of the fair market values of the Bond and Warrant comprising the unit on the date the unit is issued. For example, if the fair market value of the Series 27 Bond were 95 and the fair market value of the Warrant were 6, the allocation of the offering price to the Bond would be $95 \div (95 + 6) = 94.06$ of the offering price and the allocation to the Warrant would be $6 \div (95 + 6) = 5.94$ of the offering price. If the fair market value of the Series 27 Bond were 95 and the fair market value of the Warrant 4, the allocation to the Bond would be $95 \div (95 + 4) = 95.96$ of the offering price and the allocation to the Warrant would be $4 \div (95 + 4) = 4.04$ of the offering price. "Fair market value" should be determined by taking the mean between the highest and the lowest selling prices of the Series 27 Bonds and of the Warrants, trading separately, on the date of issuance or the first day on which substantial trading in such securities exists. The portion of the offering price of a unit so allocated to a Series 27 Bond should constitute the original holder's tax basis in the Series 27 Bond.

It appears that the principal amount of the Series 27 Bond will exceed the price so allocated to the Series 27 Bond (because the unit offering price is equal to the principal amount of the Series 27 Bond and a portion of the unit offering price should be allocated to the Warrant). Consequently, the Series 27 Bond should be considered to have an "original issue discount" of not less than an amount equal to such excess. The Corporation intends to ascertain and make public selling prices for use by the holders of the Series 27 Bonds in calculating original issue discount in respect of the Series 27 Bonds.

An appropriate portion of the original issue discount described above, depending on the holding period of the Series 27 Bond by each holder, should, upon disposition or payment of the Series 27 Bond, be treated as tax-exempt interest, rather than as taxable gain, for Federal income tax purposes. The portion so treated should be at least that determined by apportioning the amount of original issue discount among the original holder and each subsequent holder of the Series 27 Bonds based upon the relation that the number of days (computed on a calendar year basis) for which the Series 27 Bonds were owned by each holder bears to the total number of days elapsed from the date of issuance to the maturity date of the Series 27 Bonds. For example, if a Series 27 Bond with Warrant were offered at 100 and the "fair market values" of the Series 27 Bonds and the Warrants, as determined in the manner described above, were 94 and 6, respectively, the original issue discount would be 6 and the purchaser's tax basis for such Bond would be 94. If the original holder holds such Bond for one-half of the period between issuance and maturity, one-half of the original issue discount, or 3, will be "amortized" and be treated as tax-exempt income upon the sale of such Bond. If such Bond is sold by the original holder at such time for 99, the holder would have tax-exempt income of 3 (i.e., the "amortized" original issue discount reducing the proceeds to 96) and capital gain of 2 (96—94). If such Bond is sold for 90, the holder would have tax-exempt income of 3 (i.e., the "amortized" original issue discount reducing the proceeds to 87) and capital loss of 7 (94—87).

Warrants

The portion of the offering price of a unit allocated to a Warrant, as described above, should constitute the tax basis for the Warrant for the original holder. If a Warrant is exercised, no gain or loss should be realized by the holder, and the holder's tax basis in the Warrant should be added to the exercise price to determine the tax basis for the Series 28 Bond acquired with the consequence described below. If a Warrant expires unexercised, the holder will realize a loss in an amount equal to the tax basis in the Warrant, which loss will be a capital loss.

The Series 28 Bonds

The tax basis of a Series 28 Bond acquired upon exercise of a Warrant should be the exercise price (excluding accrued interest) of the Warrant plus the Warrantholder's tax basis for the Warrant. Because the exercise price (excluding accrued interest) will be par, an amount equal to the tax basis for the Warrant should be premium with respect to the Series 28 Bond. A holder will be required to reduce his tax basis in the bond each year by a portion of the amount of the premium in accordance with principles set forth in the Code, Regulations, and applicable IRS rulings.
Additional Bonds and Notes

Pursuant to the Act, the Corporation is authorized to issue bonds and notes in an aggregate principal amount not exceeding $10 billion (exclusive of bonds and notes issued to refund outstanding bonds and notes, and notes issued to meet the City's seasonal borrowing requirements). For purposes of this authorization, the Corporation will have issued approximately $7.409 billion after issuance of the Series 27 Bonds and assuming the issuance of $100 million of Series 28 Bonds. All bonds, other than refunding bonds, are required to be issued under the First or Second General Bond Resolutions.

Additional Second Resolution Bonds may be issued on a parity with the Series 27 and 28 Bonds, provided that (a) an amount equal to the lesser of (i) the most recent collections of the Sales Tax and Stock Transfer Tax for 12 consecutive calendar months ended not more than two months prior to the date of such determination or (ii) the amounts estimated by the State Commission of Taxation and Finance to be collectible during the succeeding 12-month period from such sources, plus (b) the estimated or actual amount of Per Capita Aid to be or theretofore apportioned and paid to the Municipal Assistance State Aid Fund for the fiscal year of the State during which such additional Bonds are to be issued, less (c) the maximum annual debt service on outstanding First Resolution obligations, less (d) estimated operating expenses of the Corporation for its then current fiscal year, is at least 2 times (e) the maximum annual debt service on outstanding Second Resolution Bonds (including the particular series of such additional Bonds then proposed to be issued). The Corporation has covenanted with the Warrantholders, that for purposes of the foregoing calculations, it will consider as outstanding all Series 28 Bonds covered by outstanding Warrants.

Pursuant to the Series 27 Resolution, the Series 28 Resolution and certain other series resolutions of the Corporation, the Corporation may issue additional First Resolution obligations only to the extent that the issuance thereof would not cause the maximum annual debt service on outstanding First Resolution obligations to equal or exceed $425 million (with certain adjustments with respect to up to $25 million of small denomination obligations that the Corporation may offer to the public under the First General Bond Resolution).

The Second General Bond Resolution contains further limitations upon the issuance by the Corporation of additional obligations under the First General Bond Resolution. See "PART 14—SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION."

PART 3—USE OF PROCEEDS

The net proceeds of the sale of the Series 27 Bonds and the Warrants will be $97.375 million. Approximately $83 million of the net proceeds will be used to provide funds to the City for capital improvements includable in the City's capital budget. Such funds will be made available to the City through the subsequent purchase by the Corporation of bonds issued by the City to finance such improvements and will be paid to the City upon certification by the Mayor that the amount is required by the City to pay for items permitted by law to be included in the City's capital budget during the fiscal year in which the funds are paid to the City. Neither the City bonds acquired by the Corporation with the proceeds of this offering nor the payments of principal and interest with respect to such bonds will be subject to the lien created by the pledge under the First or Second General Bond Resolution, except to the extent such payments are actually paid into one of the Corporation's accounts as to which such lien applies.

The balance of the net proceeds will be deposited in the Capital Reserve Aid Fund established under the Second General Bond Resolution. For further information with respect to the Capital Reserve Aid Fund, see "PART 6—PAYMENT OF THE BONDS—Maintenance of Capital Reserve Aid Fund."

Proceeds of sale of the Series 28 Bonds are expected to be used for purposes similar to those of the Series 27 Bond proceeds.
PART 4—THE CORPORATION

Background, Purposes and Powers

The Corporation is a corporate governmental agency and instrumentality of the State constituting a public benefit corporation. The Corporation was created by State legislation adopted in June 1975 (as amended to date, the "Act"), for the purpose of providing financing assistance and fiscal oversight for the City. To carry out such purpose, the Corporation was given the authority, among other things, to issue and sell bonds and notes, to pay or lend funds received from such sales to the City and to exchange the Corporation's obligations for those of the City and to issue bonds to refund outstanding bonds. Between June 1975 and June 1978, the Corporation issued its obligations in accordance with this purpose and the City was provided with seasonal loans by the Federal government and long-term financing by certain City pension funds and the Corporation. In September 1975, the Control Board was established to oversee the financial affairs of the City.

By June 1978, the City had brought its operating budget into balance in accordance with State law and accomplished other budgetary and accounting objectives. Despite this progress, it became clear that further actions would be necessary to enable the City to finance itself. As a result, the Debt Issuance Plan was developed to provide long-term financing to the City over the four fiscal years ending June 1982, during which time the City is required to follow a plan designed to bring its operating budget into balance in accordance with generally accepted accounting principles ("GAAP") by the 1982 fiscal year and to enable it to regain access to the public credit markets. Although the City's operating budget for the 1981 fiscal year is balanced in accordance with GAAP one year earlier than required, the Debt Issuance Plan was recently supplemented to give the City additional time to regain access to the public credit markets.

To enable the Corporation to fulfill its role in the Debt Issuance Plan, the State enacted legislation in 1978 that increased the amount of obligations which the Corporation may issue to $8.8 billion (excluding refunding obligations and short-term notes) and authorized the Corporation to issue its bonds and notes for several additional purposes and to pay or lend the proceeds to the City. Included in the additional purposes are (i) financing items permitted to be included in the City's capital budget, (ii) financing payments to a reserve fund in connection with the Federal guarantee of obligations of the City, and (iii) assisting in financing the City's seasonal borrowing requirements.

To enable the Corporation to assist in financing the City's capital needs during its 1983 and 1984 fiscal years, the State enacted legislation in June 1980 increasing the amount of obligations which the Corporation may issue to $10 billion (excluding refunding obligations and short-term notes) and extending through December 31, 1984 the period during which such obligations, other than refunding obligations, may be issued. The additional $1.2 billion of issuance authority provided by the 1980 legislation is limited to funding City capital needs and the Corporation's required reserve funds. The 1980 legislation provides sufficient bond issuance authority to enable the Corporation to fulfill its role through December 31, 1984 under the Debt Issuance Plan.

Outstanding Debt of the Corporation

After the issuance of the Series 27 Bonds and assuming the issuance of $100 million of Series 28 Bonds, the Corporation will have issued approximately $7.409 billion aggregate principal amount of bonds and notes for purposes of the $10 billion statutory issuance limit (which limit excludes refunding obligations). After such issuances, the Corporation will have outstanding (excluding bonds that have been refunded) $4.321 billion aggregate principal amount of bonds issued under the Second General Bond Resolution and $2.382 billion aggregate principal amount of bonds issued under the First General Bond Resolution. The Second General Bond Resolution provides that all outstanding Second Resolution Bonds will be on a parity with each other, regardless of the date of issuance.

First Resolution obligations have no claim on Per Capita Aid, which is a principal source of payment for the Second Resolution Bonds. First Resolution obligations have a claim prior to that of Second Resolution Bonds on all amounts available to the Corporation from the Sales Tax and the Stock
Transfer Tax. The Corporation has covenanted not to issue additional First Resolution obligations if the maximum annual debt service payments on all First Resolution obligations would exceed $425 million.

For additional information concerning the financial condition of the Corporation, see the audited financial statements of the Corporation as at June 30, 1980, and the unaudited financial statements for the three months ended September 30, 1980, annexed hereto as Exhibit A, and "PART 20—FINANCIAL STATEMENTS."

PART 5—DEBT ISSUANCE PLAN

In November 1978, the Corporation in conjunction with the City developed the Debt Issuance Plan to provide up to $4.5 billion of long-term financing for the City during the 1979 through 1982 fiscal years. For a description of the City's financial plan for such fiscal years, see "PART 9—CERTAIN DEVELOPMENTS AFFECTING THE CITY—Recent Financial History." The Corporation and the City have successfully implemented the 1979 and 1980 fiscal year components of the Debt Issuance Plan. The Debt Issuance Plan assumed that the City would be able (i) to sell to the public $300 million and $650 million of its bonds during its 1981 and 1982 fiscal years, respectively, in order to meet a portion of its capital needs in those years, while the balance of those needs would be met from financing commitments under the Debt Issuance Plan, and (ii) to meet fully its capital needs through the public sale of its bonds after the 1982 fiscal year.

Despite the progress made by the City as reflected in its adoption of an operating budget for the 1981 fiscal year balanced in accordance with GAAP and the implementation of other budgetary and accounting reforms, it became apparent that the City would not be able to issue long-term bonds to the public in the full amount or at the times projected in the Debt Issuance Plan, as adopted in 1978, to meet its capital needs. Accordingly, the Debt Issuance Plan has been supplemented.

The City currently projects its capital needs to be approximately $712 million and $975 million during its 1981 and 1982 fiscal years, respectively, and approximately $1 billion during each of its 1983 through 1985 fiscal years. The Plan, as supplemented, is intended to enable the Corporation to assist the City in financing these needs. The City's capital needs would be met through the following sources: (bracketed figures indicate the amount issued to date, including the Series 27 Bonds but excluding the Series 28 Bonds) (i) completion of the previously scheduled sales of $861.7 million of the Corporation's bonds [$300 million] to the Financial Institutions and the City Pension Funds during the 1981 and 1982 fiscal years, (ii) sales to the public of $1.85 billion of the Corporation's bonds [$200 million] through December 31, 1984, (iii) sales of $900 million of federally guaranteed City bonds [$300 million] to the City and State Pension Funds during the 1981 and 1982 fiscal years, and (iv) public sales of $1.7 billion of City bonds [none] through its 1985 fiscal year. The Plan requires that a portion of the proceeds from the sales of the Corporation's bonds during the City's 1981 and 1982 fiscal years be retained by the Corporation to provide for the City's 1983 and 1984 capital needs. The table set out below shows the sources and amounts of funds to be provided during each fiscal year through 1985 under the Plan. The Plan assumes that the City will be able to meet, through sales of its bonds, its full capital needs after its 1985 fiscal year.
## Debt Issuance Plan

### Sources of Funds

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Private Placements of the Corporation's Bonds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Pension Funds</td>
<td>$224,275</td>
<td>$116,125</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$340,400</td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>224,275</td>
<td>116,125</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>340,400</td>
</tr>
<tr>
<td>Savings Banks</td>
<td>75,000</td>
<td>75,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>150,000</td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>13,450</td>
<td>17,450</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>30,900</td>
</tr>
<tr>
<td><strong>Subtotals</strong></td>
<td>537,000(a)</td>
<td>324,700(a)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>861,700</td>
</tr>
<tr>
<td>Sales to the Public of the Corporation's Bonds</td>
<td>400,000</td>
<td>400,000</td>
<td>400,000</td>
<td>350,000</td>
<td>300,000</td>
<td>1,850,000</td>
</tr>
<tr>
<td><strong>Private Placements of Guaranteed City Bonds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Pension Funds</td>
<td>150,000</td>
<td>300,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>450,000</td>
</tr>
<tr>
<td>State Pension Funds</td>
<td>150,000</td>
<td>300,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>450,000</td>
</tr>
<tr>
<td><strong>Subtotals</strong></td>
<td>300,000(a)</td>
<td>600,000(a)(b)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>900,000</td>
</tr>
<tr>
<td>Sales to the Public of City Bonds</td>
<td>100,000</td>
<td>200,000</td>
<td>300,000</td>
<td>400,000</td>
<td>700,000</td>
<td>1,700,000</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td>$1,337,000(c)</td>
<td>$1,524,700(d)</td>
<td>$700,000</td>
<td>$750,000</td>
<td>$1,000,000</td>
<td>$5,311,700</td>
</tr>
</tbody>
</table>

(a) To be purchased pursuant to agreements entered into in November 1978.
(b) Subject to the consent of the Secretary of the Treasury.
(c) Approximately $450 million of this amount to be retained by the Corporation for the City's fiscal 1983 and 1984 capital needs.
(d) Approximately $300 million of this amount to be retained by the Corporation for the City's fiscal 1983 and 1984 capital needs.

The actual amount of the Corporation's bonds to be issued during each fiscal year will depend upon the City's actual capital requirements, the amount which can be raised through public sales of City bonds on reasonable terms and the Corporation's requirements.

Among other factors, successful implementation of the Debt Issuance Plan is dependent upon the issuance during fiscal 1982 of the Federal guarantees in the amounts proposed. Under the agreement among the City, the Corporation and the United States of America relating to the issuance of Federal guarantees, such guarantees are to be available only to the extent that neither the City nor the Corporation is able to sell bonds to the public on reasonable terms in amounts sufficient to meet the City's capital needs for the City's 1981 and 1982 fiscal years. Because the Plan calls for a portion of the City's capital needs during the 1983 and 1984 fiscal years to be financed through public sales of the Corporation's bonds in the 1981 and 1982 fiscal years, the City and the Corporation have asked the Secretary of the Treasury pursuant to the authority given him under the Federal legislation to waive the provision of such agreement requiring the amount of the Federal guarantees in any year to be reduced by the amount of the Corporation's bonds sold publicly in such year. The Secretary waived this provision with respect to the issuance on October 2, 1980 of the $300 million of federally guaranteed City bonds. Waiver of this provision will also be required in connection with the issuance of the guarantees scheduled for the 1982 fiscal year.

If the Secretary is unwilling or unable to issue such guarantees, sales to the public of the Corporation's bonds may be required to replace the proposed sales of guaranteed bonds. In such event, substantially all of the proceeds of the sales of the Corporation's and the City's bonds during the City's 1982 fiscal year would be required to meet the City's capital needs during such year. Accordingly, an uncertainty would be created as to the ability of the City to obtain necessary capital financing for fiscal
year 1983 and thereafter. If it is not possible for the City or the Corporation to sell their bonds on reasonable terms and in sufficient amounts, there is no assurance that either the Federal government or the State would continue programs of financing assistance similar to those currently being relied upon, or that the City would be able to finance its projected capital requirements. If alternative financing is not available, the City may be required to reduce its capital programs.

The obligations of each of the purchasers to make further purchases under the agreements entered into in November 1978 pursuant to the Debt Issuance Plan, and any obligation of the United States to issue guarantees, are subject to numerous and complex conditions imposed by Federal and State legislation or contained in the agreements pursuant to which such purchases are to be made and such guarantees are to be issued. Certain of such conditions may be difficult to fulfill, and many conditions are not within the control of the Corporation or the City. If the Debt Issuance Plan does not continue to be fulfilled and an alternative financing plan is not developed, the market for and market prices of the Corporation’s securities would be likely to be adversely affected.

The Corporation is currently developing a proposal pursuant to which it may fulfill a portion of its participation in the Debt Issuance Plan by the issuance of short-term, renewable commercial paper secured by a letter of credit issued by one or more commercial banks. Under the proposal, use of the letter of credit arrangement would entitle the Corporation to issue to the bank or banks issuing such letter of credit, Second Resolution Bonds in satisfaction of the Corporation’s obligations thereunder.

PART 6—PAYMENT OF THE BONDS

General

The Second Resolution Bonds are general obligations of the Corporation payable out of certain pledged revenues as well as any other available revenues of the Corporation. The Second Resolution Bonds are entitled to a first lien, created by the pledge under the Second General Bond Resolution, on all moneys and securities paid or deposited into the Corporation’s Bond Service Fund and Capital Reserve Aid Fund under the Second General Bond Resolution, which are held by United States Trust Company of New York, as Trustee. Such moneys and securities include the following:

(i) amounts derived from Per Capita Aid, less certain prior statutory claims, none of which has been asserted since the inception of the Corporation;

(ii) amounts derived from the Sales Tax and Stock Transfer Tax, after satisfying annual funding requirements for the Corporation’s outstanding First Resolution obligations and operating expenses of the Corporation;

(iii) amounts received from the State to replenish the Capital Reserve Aid Fund, see “Maintenance of Capital Reserve Aid Fund” in this PART 6; and

(iv) any interest or income earned on investments of amounts deposited into the Bond Service Fund and Capital Reserve Aid Fund.

The amounts described in (i) and (ii) above are paid to the Corporation from two special funds established by the Finance Law and held in the custody of the State Comptroller, the Municipal Assistance State Aid Fund and Municipal Assistance Tax Fund, respectively. The Finance Law provides that the State Comptroller shall make payments from these special funds to the Corporation’s Bond Service Fund and Capital Reserve Aid Fund, in accordance with certificates of the Corporation setting forth the amount and timing of its cash requirements on a quarterly basis in order to deposit these amounts in advance of interest and principal payment dates and capital reserve funding dates. (Although quarterly payments of Per Capita Aid are provided for by the Finance Law, substantially all of the Per Capita Aid payable to the Corporation is paid on an annual basis in June.) Payments of Sales Tax and Stock Transfer Tax revenues are made to the Corporation to meet requirements under the Second General Bond Resolution only to the extent such revenues are not needed to meet requirements under the First General Bond Resolution.
After the Corporation's certified requirements have been satisfied in full for a particular quarter, excess moneys in such special funds are paid to the City. Stock Transfer Tax revenues not required by the Corporation are paid to a fund established to provide rebates of such Tax and then any excess moneys are paid to the City. Pursuant to the Finance Law, the State Comptroller may not disburse Sales or Stock Transfer Tax revenues or Per Capita Aid held by him to the City or any other entity so long as an amount certified by the Corporation as required to be paid by the date of disbursement to the City remains unpaid.

Payments to the Corporation by the State are required to be made by the State only if and to the extent that such amounts have been appropriated by the State Legislature or that revenues have otherwise been made available therefor by the State.

The holders of the Second Resolution Bonds do not have any lien on Per Capita Aid, Sales Tax or Stock Transfer Tax until the moneys derived therefrom are paid into the Corporation's Bond Service Fund and Capital Reserve Aid Fund. The Act provides that any provisions of the Second General Bond Resolution and the Second Resolution Bonds with respect to provision for payment by the State to the Corporation of Per Capita Aid, the Sales Tax or the Stock Transfer Tax are executory only to the extent of the moneys available from time to time from such Aid and Tax sources and held by the State, which moneys shall have been theretofore appropriated to the Corporation, and no liability on account thereof shall be incurred by the State beyond the moneys available from such sources.

The Corporation currently holds substantial amounts of bonds and notes of the City and will, as required by the Act, acquire substantial additional amounts of bonds in connection with providing capital financing for the City. Such obligations held from time to time by the Corporation are not subject to the lien created by the pledge under the First or Second General Bond Resolution. In certifying its requirements, the Corporation may not take into account any amounts payable on such City obligations but not yet received by the Corporation. However, the requirements for any fund may be reduced to the extent that such moneys are received and deposited into such fund of the Corporation.
The following chart illustrates the flow of money as described above:

1 Subject to appropriation by the State Legislature.
2 Upon certification by the Corporation.
3 And operating expenses of the Corporation.
4 After deduction of the amounts needed for First Resolution debt service and capital reserve funding and operating expenses.
5 After payment of all amounts certified by the Corporation and after payment of rebates of the Stock Transfer Tax. Amounts so paid to the City are paid directly by the State.
The Corporation is a corporate governmental agency and instrumentality of the State and not of the City. The Corporation has no taxing power. The Second Resolution Bonds do not constitute an enforceable obligation, or a debt, of either the State or the City, and neither the State nor the City is liable thereon. Neither the faith and credit nor the taxing power of the State or the City is pledged to the payment of principal of or interest on the Second Resolution Bonds.

If the Corporation were to become insolvent or unable to meet its debts as they mature, the Corporation could file a petition for relief under Chapter 9 of the Federal Bankruptcy Code pursuant to which the Corporation's securities could be adjusted or modified, if the Corporation were to be authorized by State law to file such a petition and if it were to meet other conditions specified in Chapter 9. The Corporation is not now authorized by the State to file a Chapter 9 petition and the Corporation does not anticipate that it will seek such authorization or need the relief provided by Chapter 9.

**Appropriation by Legislature**

The Finance Law provides that the State Legislature shall appropriate Per Capita Aid, the Sales Tax and the Stock Transfer Tax for the benefit of the Corporation, and the Legislature has so appropriated Per Capita Aid, the Sales Tax and the Stock Transfer Tax for each of the State's fiscal years since the inception of the Corporation. The Corporation expects that the Legislature will continue to make such appropriations as long as the Corporation's bonds are outstanding. Under the State Constitution, however, the Legislature cannot be bound or obligated to appropriate such revenues for the benefit of the Corporation.

The Corporation believes that any failure by the Legislature to make appropriations as expected would have a serious impact on the ability of the State and its agencies to raise funds in the public credit markets. See "PART 8—CERTAIN DEVELOPMENTS AFFECTING THE STATE."

The State is not bound or obligated to continue payment of Per Capita Aid or to impose either the Sales Tax or the Stock Transfer Tax or to make any appropriations to the Corporation of the revenues received therefrom. The Second General Bond Resolution, however, provides that each of the following shall constitute an event of default with respect to the Second Resolution Bonds: (i) the failure of the State to continue to pay Per Capita Aid, as the laws relating to Per Capita Aid may be amended, or a reduction by the State of the amount of Per Capita Aid payable during any fiscal year to an amount less than the maximum annual debt service payable on the outstanding Second Resolution Bonds; (ii) the failure of the State to continue the imposition of either the Sales Tax or the Stock Transfer Tax, each imposed by the Tax Law, as such Law may be amended, or a reduction of the rates of such taxes to rates less than those in effect on July 2, 1975; or (iii) the failure of the State Comptroller to pay to the Corporation the amounts certified by the Corporation.

The Finance Law provides that in no event shall the State Comptroller pay over and distribute to the City or any other entity other than the Corporation any Sales or Stock Transfer Tax revenues or Per Capita Aid held in the special funds (other than for State administrative charges), unless and until the aggregate of all cash required by the Corporation at the date of such distribution has been appropriated and has been paid to the Corporation.

Provisions of the State Constitution and the Finance Law require the setting aside of the first revenues received that are applicable to the State's General Fund if the State Legislature fails to make an appropriation for the payment of State indebtedness. Although the Sales Tax and Stock Transfer Tax are revenues of the State, they are applicable to special funds, rather than the State's General Fund. Consequently, under existing law, the provisions requiring moneys to be set aside to pay State obligations would not apply to the Sales Tax and Stock Transfer Tax. However, Per Capita Aid is apportioned and paid from the State's General Fund and may be subject to being set aside to pay State obligations in the event the State fails to pay such obligations.

**Per Capita Aid**

Per Capita Aid consists of revenues that would otherwise be paid to the City as the City's share of the State's general revenue sharing program for localities throughout the State. The State has appro-
priated moneys which have been apportioned among local governmental entities, including the City, in each year since 1946 and has provided some measure of assistance to local governments since 1800.

The apportionment of general revenue sharing among localities is based on a statutory formula which takes into account the distribution of the State's population, the total assessed valuation of real property taxable within the State, personal income, and other factors. Both the determination of the amount of statewide general revenue sharing and the apportionment of such revenue sharing among localities are legislative acts and the Legislature may amend or repeal the statutes relating to statewide general revenue sharing and the formulas which determine the amount of Per Capita Aid payable to the Corporation. Such amendments could result in the increase or decrease of the amount of Per Capita Aid available for the payment of debt service on Second Resolution Bonds. However, certain of such acts by the Legislature would be events of default under the Second General Bond Resolution, see "Appropriation by Legislature" in this PART 6. The financial condition of the State may affect the amount of Per Capita Aid appropriated by the Legislature.

The following table, which presents data obtained from the City Office of Management and Budget, the State Comptroller's office and the State Division of the Budget, indicates the aggregate payments of Per Capita Aid apportioned and paid to the City and, since 1976, to the Corporation, for the ten fiscal years ended June 30, 1980:

<table>
<thead>
<tr>
<th>Year</th>
<th>Per Capita Aid (Dollars in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>$323,900(a)</td>
</tr>
<tr>
<td>1972</td>
<td>272,250</td>
</tr>
<tr>
<td>1973</td>
<td>331,780</td>
</tr>
<tr>
<td>1974</td>
<td>360,870</td>
</tr>
<tr>
<td>1975</td>
<td>405,118</td>
</tr>
<tr>
<td>1976</td>
<td>$434,311</td>
</tr>
<tr>
<td>1977</td>
<td>434,311(b)</td>
</tr>
<tr>
<td>1978</td>
<td>434,324(b)</td>
</tr>
<tr>
<td>1979</td>
<td>481,569(c)</td>
</tr>
<tr>
<td>1980</td>
<td>484,036(d)(e)</td>
</tr>
</tbody>
</table>

(a) Includes a non-recurring increase in Per Capita Aid apportioned because of an acceleration of payment otherwise to be made in 1972.
(b) Reflects State's ceiling on Per Capita Aid payments at the 1976 level, with certain minor modifications applicable to 1978 payments.
(c) Does not include $49,276 million paid in October 1978.
(d) Reflects State's ceiling on aid to localities for the State's 1981 fiscal year at 98% of the amount apportioned during the State's 1980 fiscal year.
(e) Does not include the City's allocable portion of $62 million of aid to localities, payment of which is conditioned upon the extension through the second quarter of the 1981 Federal fiscal year of the Federal program of revenue sharing to states.

Sales Tax

In addition to the 4% sales and compensating use taxes levied statewide, the Sales Tax is imposed within the City at the rate of 4% on receipts from most retail sales of tangible personal property and certain services. The Sales Tax is also imposed on receipts from parking, garaging or storing motor vehicles in the City at the rate of 6%. The Sales Tax is subject to certain limited exceptions, exemptions and exclusions. Under the Finance Law, the Sales Tax is paid into a special fund held by the State Comptroller on a monthly basis.

The Sales Tax is imposed on substantially the same tax base as the sales and compensating use taxes previously imposed by the City and collected by the State. A tax on sales of certain tangible personal property and services had been imposed by the City since 1934.

Collections of the Sales Tax and the sales and compensating use taxes previously imposed by the City have increased in each of the last ten years, although the primary cause of the growth of Sales Tax collections in recent years has been inflation. The level of Sales Tax receipts is necessarily dependent upon economic and demographic conditions in the City, and there can be no assurance that the historical data with respect to collections of such Tax are necessarily indicative of future receipts. The City has experienced adverse trends in certain economic and demographic factors which contributed in some years to a slowing of the growth rate of Sales Tax collections.
The following table sets forth State collections of the sales and compensating use taxes imposed by the City prior to July 1, 1975, and the Sales Tax imposed by the State since July 1, 1975, on a quarterly basis for the last ten complete fiscal years of the City, after deductions of the costs of administration, collection and distribution. Footnotes to the tables detail changes in law and administrative procedures affecting the collection and distribution of the Sales Tax which are important to an understanding of the tables.

QUARTERLY COLLECTIONS OF SALES AND COMPENSATING USE TAXES IN THE CITY(a)

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>Three Months Ended:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30</td>
</tr>
<tr>
<td></td>
<td>(Dollars in thousands)</td>
</tr>
<tr>
<td>1971</td>
<td>$114,093</td>
</tr>
<tr>
<td>1972</td>
<td>121,692</td>
</tr>
<tr>
<td>1973</td>
<td>130,857</td>
</tr>
<tr>
<td>1974</td>
<td>135,272</td>
</tr>
<tr>
<td>1975(b)</td>
<td>173,824</td>
</tr>
<tr>
<td>1976(c)</td>
<td>194,560</td>
</tr>
<tr>
<td>1977</td>
<td>215,794</td>
</tr>
<tr>
<td>1978</td>
<td>221,815</td>
</tr>
<tr>
<td>1979</td>
<td>232,732</td>
</tr>
<tr>
<td>1980</td>
<td>253,974</td>
</tr>
<tr>
<td>1981</td>
<td>293,581</td>
</tr>
</tbody>
</table>

SOURCE: State Department of Taxation and Finance.

(a) Commencing March 1976, quarterly collections were distributed to localities based on historical collection data. Commencing June 1980, quarterly collections are distributed to localities based on historical collection and current verified vendor data. Subsequent quarterly distributions to localities are adjusted to compensate for overdistributions or underdistributions when data on actual collections by locality are available. Such adjustments are reflected in the table for the quarter in which the subsequent distributions are made. Since March 1976, adjustments have ranged from $493,000 to $11.1 million to reflect overdistributions for certain three-month periods and from $753,000 to $7.2 million to reflect underdistributions for other three-month periods. Periods subsequent to June 1980 remain subject to the ongoing process of adjustment.

(b) The amounts of sales and compensating use taxes collected for fiscal 1975 and all subsequent years reflect the increases in the sales and compensating use taxes from 3% to 4%, effective July 1, 1974. The 6% tax on sales of certain parking services has remained the same.

(c) Commencing March 1976, certain large vendors (those with taxable receipts of $300,000 or more in any quarter of the preceding four quarters) are required to prepay in March estimated amounts of Sales Tax liability for March in addition to filing their normal quarterly reports for the December-February quarter. Any adjustments necessary to reflect actual amounts of Sales Tax liability for the month of March are reflected in the June collection figures.

Stock Transfer Tax

The Stock Transfer Tax is imposed at rates ranging from $1 1/4 to 5¢ (based on the selling price per share) on sales, agreements to sell, memoranda of sale and deliveries or transfers made within the State of shares or certificates of stock and certain other certificates. The imposition of the Stock Transfer Tax is subject to certain limited exceptions and is subject to a maximum tax of $350 on any taxable transaction which involves a sale on a single day of shares or certificates of the same class issued by the same issuer.

The level of Stock Transfer Tax revenues is related to the rate of tax imposed, the price of the shares traded and the volume of transactions on the securities exchanges located in the City. Such volume has fluctuated widely so that there can be no assurance that the historical data with respect to collections of such tax are necessarily indicative of future revenues.

The Corporation believes that it is not possible to predict the effect of developments with respect to the City's economic condition or other related economic developments in the City on Stock Transfer Tax collections. The volume of taxable securities transactions in the State may be adversely affected
by (i) the evolution of a centralized nationwide securities market, (ii) the possible movement out of the State of the stock exchanges now located in the State, and (iii) other proposals which if implemented might tend to facilitate the execution of securities transactions not subject to the Stock Transfer Tax.

The revenues derived from the Stock Transfer Tax, including amounts subject to rebate as discussed below, after deduction of the costs of administration, collection and distribution of such Tax, are shown below for the previous ten complete fiscal years of the City, based upon the various rates prevailing and types of transactions taxable during the periods shown:

**QUARTERLY COLLECTIONS OF STOCK TRANSFER TAX**

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>Three Months Ended:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30</td>
</tr>
<tr>
<td></td>
<td>(Dollars in thousands)</td>
</tr>
<tr>
<td>1971</td>
<td>$ 46,563</td>
</tr>
<tr>
<td>1972</td>
<td>62,573</td>
</tr>
<tr>
<td>1973</td>
<td>59,405</td>
</tr>
<tr>
<td>1974</td>
<td>43,612</td>
</tr>
<tr>
<td>1975</td>
<td>35,756</td>
</tr>
<tr>
<td>1976(a)</td>
<td>53,049</td>
</tr>
<tr>
<td>1977(a)</td>
<td>62,220</td>
</tr>
<tr>
<td>1978(a)</td>
<td>68,770</td>
</tr>
<tr>
<td>1979</td>
<td>112,478(a)</td>
</tr>
<tr>
<td>1980</td>
<td>107,772</td>
</tr>
<tr>
<td>1981</td>
<td>146,066</td>
</tr>
</tbody>
</table>

**Source:** State Department of Taxation and Finance.

(a) Includes collections of the 25% surcharge imposed upon the Stock Transfer Tax effective as of August 1, 1975, which surcharge expired July 31, 1978.

In 1977, the State enacted a program of gradually increasing rebates for all Stock Transfer Tax payers. Rebates began October 1, 1977 with respect to transactions by non-residents subject to tax and began October 1, 1979 with respect to transactions by residents. Rebates are to increase gradually to equal 100% of the tax beginning October 1, 1981. The legislation provides that taxpayers are to continue to pay the Stock Transfer Tax at the above-stated rates and that revenues are to continue to be paid into the Stock Transfer Tax Fund, although a substantial portion of such revenues (the rebatable portion of the tax) will be paid into the Stock Transfer Tax Fund only at the end of each calendar quarter. To the extent that the Corporation does not require the use of Stock Transfer Tax revenues for debt service on its outstanding obligations, such revenues are available on a quarterly basis for payment of rebates. Any such revenues not used by the Corporation or to pay rebates are to be paid to the City.

To date, the Corporation has not found it necessary to use the revenues derived from the Stock Transfer Tax to pay its debt service. Based on present projections, the Corporation does not anticipate that it will be necessary to utilize these revenues in the future, although no assurance can be given that they will not be so required. See "PART 7—DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS."

**Maintenance of Capital Reserve Aid Fund**

Under the Act, additional payments are to be made by the State, subject to appropriation by the Legislature, to the Capital Reserve Aid Fund if for any reason (including a payment from such Fund to the Bond Service Fund to make up a deficiency in the Bond Service Fund) the Capital Reserve Aid
Fund falls below specified levels. The amount of any such payment, if required, is to be in accordance with a certificate of the Corporation, to be delivered on or before December 1, stating the sum, if any, required to restore the Capital Reserve Aid Fund to the required level. The specified level equals 100% of the amount of debt service payable in the succeeding calendar year on any Second Resolution Bonds then to be issued and on all other Second Resolution Bonds outstanding on the date of calculation. Such Fund is currently funded at an amount not less than the required level.

Moneys in the Capital Reserve Aid Fund may not be withdrawn at any time in such amounts as would reduce the amount of such Fund to less than the amount of debt service payable on the Second Resolution Bonds in the succeeding calendar year, except for the purpose of paying debt service on such Bonds if other moneys of the Corporation are not available.

The provision of the Act referred to above does not constitute an enforceable obligation or debt of the State and no moneys may be paid to the Corporation pursuant thereto absent an appropriation by the Legislature. See “Appropriation by Legislature” in this PART 6.
PART 7—DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS

In order to estimate coverage ratios for the Second Resolution Bonds that will be outstanding after the issuance of the Series 27 Bonds and assuming the issuance of $100 million of Series 28 Bonds, the Corporation has assumed certain amounts of Per Capita Aid and Sales Tax and Stock Transfer Tax collections. There is shown below the basis on which such amounts were calculated. The debt service payment requirements for the First and Second Resolution Bonds as well as certain coverage ratios are also shown below.

*Adjusted Per Capita Aid*

The Corporation has sought to estimate the amounts of the following potential claims and liabilities on Per Capita Aid that are payable prior to the payment of Per Capita Aid to the Corporation, although since the inception of the Corporation no such claims have been asserted.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Capita Aid available to the Corporation during the Corporation's 1980 fiscal year</td>
<td>$484,036</td>
</tr>
<tr>
<td><strong>Less annual potential claims and liabilities:</strong></td>
<td></td>
</tr>
<tr>
<td>(a) <em>City University Construction Fund</em> (&quot;CUCF&quot;).</td>
<td></td>
</tr>
<tr>
<td>Amounts equal to 50% of CUCF's share of certain State Dormitory Authority debt service and other expenses would be a claim against Per Capita Aid if not paid by the City to CUCF. The Corporation has been informed by CUCF that such debt service and other expenses are approximately $78.91 million during its current fiscal year. State law permits a maximum claim of $65 million in any fiscal year of the City*</td>
<td>$ 39,455</td>
</tr>
<tr>
<td>(b) <em>New York City Housing Development Corporation</em> (&quot;HDC&quot;).</td>
<td></td>
</tr>
<tr>
<td>Amounts required to restore the HDC capital reserve fund to the amount to be on deposit in such fund would be a claim against Per Capita Aid if not otherwise paid. The Corporation has been informed by HDC that the maximum capital reserve fund requirement on all outstanding bonds of HDC as of this date is approximately $19.9 million. HDC has outstanding $36.2 million in bond anticipation notes which, if funded by the issuance of bonds, would have the effect of increasing the maximum capital reserve fund requirement by an amount approximately equivalent to the annual debt service on the bonds issued therefor. State law currently permits a maximum claim of $30 million in any fiscal year</td>
<td>$ 19,900</td>
</tr>
<tr>
<td>(c) <em>New York City Transit Authority</em> (&quot;NYCTA&quot;).</td>
<td></td>
</tr>
<tr>
<td>Amounts required to retire $5.1 million of NYCTA notes through 1982 would be a claim against Per Capita Aid if not paid by the City to NYCTA</td>
<td>$ 5,508</td>
</tr>
<tr>
<td>(d) <em>New York City Police Pension Fund.</em></td>
<td></td>
</tr>
<tr>
<td>Amounts due annually from Per Capita Aid to the Trustees of the City Police Pension Fund</td>
<td>$ 500</td>
</tr>
<tr>
<td><strong>Adjusted Per Capita Aid</strong></td>
<td>$418,673</td>
</tr>
</tbody>
</table>

*Although State law purports to limit claims on Per Capita Aid, such limitation may not be effective in the event that the then outstanding bonds of the State Dormitory Authority issued to finance CUCF facilities are accelerated pursuant to the occurrence of an event of default under the related Dormitory Authority bond resolutions. In such event, all such outstanding bonds of the Dormitory Authority could be due and payable and could, to the extent of fifty percent of such principal amount, have a prior claim on Per Capita Aid. The Dormitory Authority has outstanding $905 million in such bonds. The State has, however, enacted legislation under which it commits, subject to annual appropriation, to reimburse the City for a portion of the CUCF share of the Dormitory Authority's debt service. The portion will increase to 100% in the City's 1983 fiscal year with respect to debt issued for senior colleges.*
Aggregate Sales and Stock Transfer Taxes

Assuming that the Sales Tax and Stock Transfer Tax collections (after deduction of costs of administration, collection and distribution) in each fiscal year remain at the levels for the 12 months ended December 31, 1980, see “Part 6—Payment of the Bonds—Sales Tax” and “Stock Transfer Tax”, and operating expenses of the Corporation are $6.4 million (the estimate for the current fiscal year), the aggregate annual amount which would be available from the Sales Tax and the Stock Transfer Tax, if needed (the “Aggregate Sales and Stock Transfer Taxes”), to pay debt service of the Corporation is shown below:

<table>
<thead>
<tr>
<th>Description</th>
<th>(Dollars in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax collections for the 12 months ended</td>
<td>$1,206,605</td>
</tr>
<tr>
<td>December 31, 1980</td>
<td></td>
</tr>
<tr>
<td>Stock Transfer Tax collections for the 12 months</td>
<td></td>
</tr>
<tr>
<td>months ended December 31, 1980</td>
<td>576,140</td>
</tr>
<tr>
<td>Sub-total</td>
<td>$1,782,745</td>
</tr>
<tr>
<td>Less: Operating expenses of Corporation</td>
<td>6,400</td>
</tr>
<tr>
<td>Aggregate Sales and Stock Transfer Taxes</td>
<td>$1,776,345</td>
</tr>
</tbody>
</table>

Debt Service Requirements and Estimated Coverage Ratios

As shown above, Adjusted Per Capita Aid is approximately $419 million and Aggregate Sales and Stock Transfer Taxes are approximately $1,776 million, for a total of $2,195 million.

The following table shows the aggregate annual debt service payment requirements on the First Resolution obligations which have a prior claim to that of the Second Resolution Bonds on the Sales and Stock Transfer Taxes. The Series 27 Resolution, the Series 28 Resolution and certain other resolutions include a covenant by the Corporation that it will not issue any obligations under the First General Bond Resolution, if the aggregate annual debt service in any fiscal year on all obligations issued and outstanding under the First General Bond Resolution would exceed $425 million (with certain adjustments with respect to up to $25 million of small denomination obligations).

In addition, the table shows the annual principal payments, interest payments and the aggregate debt service payment requirements on all outstanding Second Resolution Bonds after giving effect to the issuance of the Series 27 Bonds and assuming the issuance of $100 million of Series 28 Bonds as of February 25, 1981. The table also shows the coverage of aggregate annual debt service on Second Resolution Bonds by all revenues (Adjusted Per Capita Aid plus Aggregate Sales and Stock Transfer Taxes) after deducting from such revenues the aggregate annual debt service requirements with respect to the First Resolution obligations.

There is no assurance that Adjusted Per Capita Aid, Aggregate Sales and Stock Transfer Taxes or operating expenses will in fact remain at the levels referred to above in subsequent years. Furthermore, the Corporation reserves the right to issue additional obligations pursuant to the First and Second General Bond Resolutions within the limitations contained in such Resolutions, the Series 27 Resolution, the Series 28 Resolution and the Warrants.
### Debt Service Payment Requirements and Estimated Coverage Ratios

(after issuance of Series 27 Bonds and assuming the issuance of $100 million of Series 28 Bonds)

(Dollars in thousands)

<table>
<thead>
<tr>
<th>12-Month Period Ended June 30</th>
<th>Total Debt Service Payment Requirements on First Resolution Obligations(a)</th>
<th>Debt Service Payment Requirements on Second Resolution Bonds</th>
<th>Estimated Coverage Ratios on Second Resolution Bonds—All Revenues after deducting Debt Service on First Resolution Obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal Payments(a)</td>
<td>Interest Payments</td>
<td>Total Debt Service</td>
</tr>
<tr>
<td>1982</td>
<td>$212,514</td>
<td>$70,150</td>
<td>$365,371</td>
</tr>
<tr>
<td>1983</td>
<td>251,058</td>
<td>97,245</td>
<td>360,549</td>
</tr>
<tr>
<td>1985</td>
<td>280,652</td>
<td>184,495</td>
<td>337,251</td>
</tr>
<tr>
<td>1986</td>
<td>243,111</td>
<td>212,220</td>
<td>320,242</td>
</tr>
<tr>
<td>1987</td>
<td>249,121</td>
<td>229,815</td>
<td>301,316</td>
</tr>
<tr>
<td>1988</td>
<td>261,213</td>
<td>230,220</td>
<td>281,806</td>
</tr>
<tr>
<td>1989</td>
<td>358,065</td>
<td>232,390</td>
<td>262,485</td>
</tr>
<tr>
<td>1990</td>
<td>354,008</td>
<td>251,285</td>
<td>242,383</td>
</tr>
<tr>
<td>1991</td>
<td>351,531</td>
<td>266,815</td>
<td>220,816</td>
</tr>
<tr>
<td>1992</td>
<td>353,182</td>
<td>287,100</td>
<td>197,751</td>
</tr>
<tr>
<td>1993</td>
<td>351,219</td>
<td>314,960</td>
<td>172,820</td>
</tr>
<tr>
<td>1994</td>
<td>347,380</td>
<td>154,280</td>
<td>153,279</td>
</tr>
<tr>
<td>1995</td>
<td>354,543</td>
<td>183,800</td>
<td>138,693</td>
</tr>
<tr>
<td>1996</td>
<td>202,520</td>
<td>202,520</td>
<td>121,827</td>
</tr>
<tr>
<td>1997</td>
<td>172,290</td>
<td>105,446</td>
<td>277,736</td>
</tr>
<tr>
<td>1998</td>
<td>88,210</td>
<td>93,939</td>
<td>182,149</td>
</tr>
<tr>
<td>1999</td>
<td>92,735</td>
<td>85,818</td>
<td>178,553</td>
</tr>
<tr>
<td>2000</td>
<td>118,340</td>
<td>76,440</td>
<td>194,780</td>
</tr>
<tr>
<td>2001</td>
<td>77,645</td>
<td>67,587</td>
<td>145,232</td>
</tr>
<tr>
<td>2002</td>
<td>67,665</td>
<td>60,913</td>
<td>128,578</td>
</tr>
<tr>
<td>2003</td>
<td>73,510</td>
<td>54,565</td>
<td>128,075</td>
</tr>
<tr>
<td>2004</td>
<td>79,285</td>
<td>47,704</td>
<td>126,989</td>
</tr>
<tr>
<td>2005</td>
<td>85,565</td>
<td>40,312</td>
<td>125,877</td>
</tr>
<tr>
<td>2006</td>
<td>92,405</td>
<td>32,344</td>
<td>124,749</td>
</tr>
<tr>
<td>2007</td>
<td>99,860</td>
<td>23,748</td>
<td>123,608</td>
</tr>
<tr>
<td>2008</td>
<td>107,985</td>
<td>14,467</td>
<td>122,452</td>
</tr>
<tr>
<td>2009</td>
<td>109,605</td>
<td>4,824</td>
<td>114,429</td>
</tr>
</tbody>
</table>

(a) Includes Sinking Fund Installments.

(b) Coverage ratios for the years 1996 to 2009 are not shown because of the relatively small amount of debt service in such years compared to the amount of revenues.

All revenues (Adjusted Per Capita Aid plus Aggregate Sales and Stock Transfer Taxes) would cover the aggregate of the debt service on all First and Second Resolution obligations, shown in the table above for the fiscal years 1982 through 1995, ranging from a low of 2.57 times in 1989 to a high of 3.39 times in 1982 and such coverages average approximately 2.88 times.
The Corporation anticipates that after the issuance of the Series 27 Bonds and assuming the issuance of $100 million of Series 28 Bonds, an aggregate of approximately $2.1 billion of additional First Resolution obligations and Second Resolution Bonds will be issued pursuant to the Debt Issuance Plan and that such issuance can be made within the issuance coverage tests imposed under the First and Second General Bond Resolutions, the Series 27 Resolution, the Series 28 Resolution, the Warrants and certain other resolutions of the Corporation, see “Part 2—Bonds Being Offered—Additional Bonds and Notes”, on the basis of the assumptions described in this Part 7 and reflected in the above coverage table.

For purposes of determining its ability to issue the Series 28 Bonds upon exercise of the Warrants, the Corporation has estimated the effect of the issuances of its bonds through the Corporation’s fiscal year ending June 30, 1983, such bonds having a maturity structure estimated by the Corporation on the basis of current information with respect to Debt Issuance Plan requirements. Such estimate indicates that maximum annual debt service on Second Resolution Bonds will increase to a range of $700 million to $800 million in the late 1980’s. This estimate assumes that such bonds will be issued at rates comparable to current market rates, that all bonds issued are Second Resolution Bonds and that maximum annual debt service on First Resolution Bonds will remain approximately $358 million.

In addition to the aggregate debt service payments with respect to the First Resolution obligations shown in the above table, the Corporation is required to make deposits into the Capital Reserve Fund established pursuant to the First General Bond Resolution, which Fund is currently funded at the required level.

PART 8—CERTAIN DEVELOPMENTS AFFECTING THE STATE

Although the Series 27 and 28 Bonds are not obligations of the State, financial developments with respect to the State may affect the market for and market price of the Series 27 and 28 Bonds and the Warrants and the sources of payment of the Series 27 and 28 Bonds. As described under “Part 6—Payment of the Bonds”, the revenues of the Corporation that are pledged to payment of debt service on the Second Resolution Bonds derive from Per Capita Aid and the Sales Tax and, in certain circumstances, the Stock Transfer Tax. The payment of these revenues to the Corporation is subject to appropriation by the State Legislature. The State Legislature has made appropriations to the Corporation for each of the State’s fiscal years since the inception of the Corporation, including appropriations for the State’s current fiscal year, and it is expected, but the Corporation has no assurance, that the State Legislature will make such appropriations for subsequent fiscal years. It is possible that the willingness of the State Legislature to make such appropriations in the future may be affected by the financial condition of the State, which may in turn depend upon the financial condition of the City. Such willingness might also be adversely affected if the Secretary of the Treasury withheld payments to the State as an offset against any claim the Secretary might have in connection with the issuance of Federal guarantees of obligations of the City. See “Part 5—Debt Issuance Plan.”

The factors affecting the State’s financial condition are complex, and the following description constitutes only a brief summary. This Part 8 is based entirely on information supplied by the State.

Long-Term Trends

The State and the City face serious potential long-term economic problems. The City accounts for approximately 40% of the State’s population and personal income, and the City’s financial health affects the State in numerous ways.

The State has long been one of the wealthiest states in the nation. For decades, however, the State economy has grown more slowly than that of the nation as a whole, resulting in the gradual erosion of its relative economic affluence. The causes of this relative decline are varied and complex, in many cases involving national and international developments beyond the State’s control. Part of the reason for the long-term relative decline in the State economy has been attributed to the combined state and local tax burden, which is among the highest in the nation. The existence of this tax burden limits the State’s ability to impose higher taxes in the event of future financial difficulties.
Since the financial difficulties of the mid-1970's, attempts have been made to bring the rate of growth in the public sector in the State into line with the slower expansion in the private economy. Prior to those efforts, annual increases in expenditures at both the State and local levels exceeded the increases in revenues generated by economic growth and were therefore financed in part through tax increases at both levels of government.

The burdens of State and local taxation, in combination with the many other causes of regional economic dislocation, may have contributed to the decisions of businesses and individuals to relocate outside, or not locate within the State. In order to bring about a reversal of these trends, the State has implemented a series of tax reductions and other programs that are intended both to limit expansion in the public sector and to encourage expansion in the private sector. Such tax reductions will reduce tax receipts in the 1981 fiscal year by more than $1.6 billion below the level they would have attained without such program. No immediate reversal of the erosion of the State's economic position relative to the nation as a whole has been projected, but the State anticipates that actions taken thus far will help to reverse or slow this trend over time.

Financial Developments—Fiscal Years 1975-1980

During the last several years, some of the State’s public benefit corporations (the "Authorities") and municipalities (in particular, the City) have faced extraordinary financial difficulties, which have affected the State's own financial condition. These events, including a default on short-term notes issued by the New York State Urban Development Corporation ("UDC") in February 1975, which default was cured shortly thereafter, and a continuation of the financial difficulties of the City, created substantial investor resistance to securities issued by the State and by some of its municipalities and Authorities. For a time, in late 1975 and early 1976, these difficulties resulted in a virtual closing of public credit markets for State and many State-related securities.

The State's 1976 fiscal year showed a deficit of $447 million, which was financed by transferring $65 million from reserve funds and by issuing $382 million of tax anticipation notes which were paid early in the State's succeeding fiscal year.

In response to the financial problems confronting it, the State developed and implemented programs for its 1977 fiscal year that included (i) the adoption of a balanced budget (a deficit of $92 million that actually resulted was financed by issuing notes that were paid during the first quarter of the State's 1978 fiscal year), (ii) a $4.53 billion borrowing plan, (iii) a plan (the "Authority Build-Out Plan") to meet the borrowing requirements through September 30, 1978 of four Authorities (the "Build-Out Authorities") including the New York State Housing Finance Agency ("HFA"), and (iv) provisions for appropriations to certain Authorities as part of a program to complete projects under construction and to avoid defaults on their outstanding obligations. In addition, legislation was enacted limiting the incurrence of additional so-called "moral obligation" and certain other Authority debt, which legislation does not, however, apply to debt of the Corporation.

The 1978 fiscal year saw an improvement in the financial condition of the State, its Authorities and municipalities generally, although certain municipalities (including the City) and certain Authorities continued to face financial difficulties. The State adopted and adhered to a balanced budget, with receipts and expenditures of approximately $11.18 billion. The State also adopted and implemented a $4.96 billion borrowing plan. Nearly all of the capital financing and all of the seasonal financing were made through sales to the public at interest rates substantially lower than those that applied in the preceding fiscal year.

For its 1979 fiscal year, the State achieved a balanced budget with receipts of $11.936 billion and expenditures of $11.931 billion, after implementation of a tax reduction program and repayment of $16.2 million of the reserve funds used by the State to help meet its fiscal 1976 deficit. The State implemented a $4.14 billion borrowing plan, including $3.79 billion in seasonal borrowings, at interest rates which reflected the continued improvement in the State's financial affairs.

For its 1980 fiscal year, the State achieved a balanced budget with receipts and expenditures of $13.174 billion. The balanced budget was achieved even though the State paid $404 million of State
personal income tax refunds on returns for 1979, which were not originally projected for payment in such fiscal year. Such balance was achieved despite a growth of expenditures of 10.4% as contrasted to a 7.7% growth in receipts (adjusted for differences in refund processing and refund reserve transactions) because the State's financial results in the prior fiscal year enabled the State to prepay certain liabilities and to pay $506 million of personal income tax refunds on returns for 1978 and to increase refund reserves by $164 million as compared to net withdrawals of $182 million from refund reserves in the 1980 fiscal year. During the 1980 fiscal year, the State also implemented a $3.302 billion borrowing plan including $3.1 billion in seasonal borrowings, with full access to the public credit markets.

Program for the 1981 Fiscal Year

On January 19, 1981, the State issued a revised Financial Plan for the 1981 fiscal year (the "January Financial Plan") in conjunction with the presentation of the Governor's Executive Budget for the 1982 fiscal year. The January Financial Plan provides for a balanced budget for the 1981 fiscal year, with General Fund receipts and expenditures projected at $15.196 billion. The revenue projections are net of $337 million for the payment, or establishment of a reserve for the payment, of personal income tax refunds on 1980 tax returns expected to be paid during the last quarter of the 1981 fiscal year.

The financial plan for the 1981 fiscal year prepared in October 1980 had projected that General Fund expenditures would exceed General Fund receipts by $27 million. The balance of receipts and expenditures projected in the January Financial Plan results from (i) reductions in the estimated expenditures for a recently enacted program of State assistance to Mitchell-Lama Housing and for the acquisition and renovation of intermediate care facilities for the developmentally disabled, (ii) economies in all State departments and agencies, and (iii) an increase in receipts from certain taxes, such as sales and personal income taxes, which are affected by inflation and general economic conditions.

The January Financial Plan also reflects the elimination of a $100 million reserve against an adverse determination by the Federal government of certain aspects of a claim by the State for reimbursement of expenditures for certain mental hygiene services. The January Financial Plan assumes a favorable determination by the Federal government of such aspects of the claim. An adverse determination could entitle the Federal government to recoupment of approximately $123 million previously paid to the State. Based upon recent Federal actions, the State believes that the balance of the disputed amount, estimated to be as much as $200 million, will be available to finance State expenditures for the care of the developmentally disabled, subject to such disallowances, if any, as may result from subsequent audits by the Federal government of such expenditures.

Program for the 1982 Fiscal Year

The Governor has submitted to the Legislature his Executive Budget for the 1982 State fiscal year. The Executive Budget proposes a financial plan for the State's 1982 fiscal year providing for General Fund receipts of $16.323 billion which exceed General Fund expenditures of $16.228 billion, by $95 million. This planned margin will be used to pay during the 1982 fiscal year a portion of State aid to education which would normally be paid during the first quarter of the State's 1983 fiscal year.

The Executive Budget has among its stated goals (i) the restructuring of responsibilities between the State and localities with respect to the Medicaid program, including the State's assumption over the next four years of the local share of all Medicaid costs; (ii) the reduction over a ten year period of the State's seasonal financing needs, and (iii) the enactment of statutory expenditure limitations for the State and local governments. The Executive Budget also proposes that certain taxes be further reduced over the next three years as a spur to economic development in the State. The proposed 1982 financial plan also reflects the payment of $100 million in refunds on 1981 income tax returns during the last quarter of the State's 1982 fiscal year.
The projections of State receipts for its 1982 fiscal year are based upon implementation of tax reductions and other changes in the tax and revenue structure proposed by the Governor and on certain assumptions relating to economic factors and their historical relationships to State tax receipts. The proposed 1982 financial plan assumes continuation of rapid inflation and, after initial weakness in the national economy during the first half of the 1981 calendar year, stronger growth during the balance of the 1982 fiscal year.

Problems of Authorities and Localities

The fiscal stability of the State is related, at least in part, to the fiscal stability of its localities and Authorities. Various Authorities have issued bonds secured, in part, by non-binding statutory provisions for State appropriations to maintain various debt service reserve funds established for such bonds (commonly referred to as "moral obligation" provisions).

During its 1979 fiscal year, the State developed a new borrowing plan for the Build-Out Authorities ("Build-Out Plan II") to provide the Build-Out Authorities with commitments for $1.2 billion of financing assistance, primarily short-term, through September 30, 1980 by sales of notes and bonds to private and State-related sources. Substantially all of this amount related to programs that involve State lease-purchase arrangements or "moral obligation" provisions. Certain of the State-related sources that participated in the Build-Out Plans have provided $443 million in commitments for short-term investments through September 30, 1981, which commitments exceed the outstanding remaining needs of the Build-Out Authorities of $247 million as of September 30, 1980. As of November 1, 1980, the estimated financing needs of the Build-Out Authorities had been reduced to $43.3 through sales of long term bonds and the commitments of the State-related sources had been reduced to $202.7 million. If the Build-Out Authorities are then unable to renew such bond anticipation notes or sell bonds to the public prior to such date, other actions will be necessary to meet payments for maturing notes and construction payments.

Several Authorities, especially those with State-supported housing programs, still face potentially serious financial problems. HFA, in particular, continues to face significant financial difficulties with some of the projects on which it holds mortgages, which could affect its ability to meet debt service on obligations issued under one or more of its housing programs. Co-op City, a major project on which the HFA holds a $390 million mortgage, has defaulted on certain payments due HFA. A six year work-out plan contingent upon enactment of certain State legislation has been negotiated between HFA and Co-op City.

On December 1, 1980, the Governor signed legislation creating a housing project repair fund, authorizing HFA to enter into mortgage modification agreements aimed at the attainment of economic rent over a period of years, appropriating $15 million to fund the housing project repair fund and appropriating $24.3 million to replenish HFA's non-profit housing and general housing debt service reserve funds for amounts withdrawn on May 1 and November 1, 1980. HFA is currently examining the extent to which such legislation meets the conditions set forth in the proposed agreement, and is developing a plan to implement the legislation.

As a result in part of its difficulties with some of its projects, HFA withdrew funds from certain of its debt service reserve funds securing the payment of debt service on certain of its bonds. To date, the Legislature has appropriated all amounts required (approximately $45.4 million, including $24.3 million in its 1981 fiscal year) under the "moral obligation" provision of the HFA legislation to replenish HFA's debt service reserve funds. In the event of future difficulties with Co-op City or other HFA projects, withdrawals from HFA's debt service reserve funds will probably be required, and the Legislature may be called upon to replenish those funds.

The City has instituted a foreclosure suit against the mortgagor and owner of Co-op City for non-payment of real property taxes. If the City's action is successful and the tax arrears are not paid, HFA would lose its security interest in the property, subject to a limited right of redemption.
UDC has approximately $1 billion of obligations outstanding and cannot meet its debt service without continuation of annual appropriations from the State made pursuant to the "moral obligation" provision of the UDC legislation or otherwise. In early 1979, the State Comptroller made projections that indicate that the required State appropriations through its 1988 fiscal year could total in excess of $300 million. UDC has issued new revenue bonds to finance the purchase of certain of its outstanding bonds. This action will result in reduced annual debt service requirements through 1984. This reduction will result in a proportionate reduction in UDC's reliance on annual State appropriations for such period.

Battery Park City Authority ("BPCA") has $198 million of outstanding bonds secured in part by the State's "moral obligation" and has paid out a major portion of the bond proceeds for site acquisition and development for its proposed residential and commercial project in the City and for administrative expenses and debt service. No definite financing for the construction of any revenue producing facility sufficient to enable BPCA to meet its obligations on its outstanding bonds has been obtained. BPCA projects that even if the construction of revenue-producing facilities were to begin immediately, and assuming minimum expenditures for site development to support such facilities and administrative costs, BPCA's annual debt service payments of approximately $14.3 million will exhaust its financial resources before it can become self-sufficient. In addition, BPCA does not believe that it has the power to use bond proceeds to make scheduled principal payments on its bonds, the first payment of which came due November 1, 1980 in the amount of $1.8 million. The payment was made with State funds appropriated by the Legislature in 1980 for such purpose. BPCA's annual debt service payments could exhaust its financial resources in 1984 while essentially all of its debt remains outstanding. Unless the Legislature provides additional appropriations to BPCA or additional sources of revenue for BPCA are obtained, BPCA would probably be compelled to withdraw money from its debt service reserve fund to make future payments and the State would then be called upon to replenish the fund pursuant to the "moral obligation" provision. In November 1979, the Governor, the Mayor of the City and UDC announced an agreement that is expected to facilitate the development of the BPCA site. Pursuant to the agreement, UDC acquired title to the site from the City in May 1980 and has developed a new master plan for the site designed to promote early commercial and residential development. This agreement provides for the State to share in the development costs of the site. In May 1980, BPCA issued $97.5 million in construction loan bonds ("CLB's") and $95.5 million in housing revenue bonds to finance residential construction at the site.

A ruling of the Internal Revenue Service ("IRS") issued November 7, 1980 raised questions with respect to the tax exempt status of interest on notes of a character similar to the CLBs. No determination of taxability as to any holder of CLBs has been made. Efforts are being made to have the IRS declare the ruling nonretroactive. If such nonretroactive declaration is not made, it is not possible to determine the effect, if any, on the market for securities of the State and its authorities and localities.

The New York State Energy Research and Development Authority ("ERDA") may be required to decommission and decontaminate a nuclear waste storage center owned by it. Federal legislation for disposition of certain waste stored at the center has recently been enacted which provides for at least 90% Federal funding of the costs of such disposition. ERDA may be required to contribute some funds to decommission and decontaminate the center. To the extent that ERDA is unable to provide its share of decommissioning and decontaminating the site the State may be required to provide such funds.

Another problem faced by Authorities is that future increases in operating costs and interest rates may result in a need for increased rents, fees or user charges in Authority-financed projects, particularly residential housing projects and medical care facilities. Inability or unwillingness to pass increased costs on to residents or users of such projects would adversely affect the fiscal stability of the Authorities, and possibly cause the State to be requested to make appropriations to support such projects. There is no assurance, however, that the Legislature would make such appropriations.

Failure of the State to appropriate necessary amounts or to take other action to permit the Authorities, especially the Build-Out Authorities, to meet their obligations or the failure of the extension of Build-
Out Plan II to meet its objectives could result in a default by one or more of the Authorities. If a default were to occur, it would likely have a significant adverse effect on the market price of obligations of the State and its Authorities, including the Corporation.

Certain localities other than the City may face financial problems during the State's 1980 fiscal year and thereafter. The anticipated and potential problems stem in part from litigations and judicial decisions relating to property tax assessments and rates and pension contributions by such localities as well as from longer range economic trends. Such factors may result in the inability of certain localities to achieve balanced budgets during the State's 1981 fiscal year. Legislation has been enacted to provide additional State aid to certain localities during the State's 1981 fiscal year.

**Litigation**

Certain litigations pending against the State or its officers or employees could have a substantial or long-term, adverse effect on State finances. Among the more significant of these litigations are those that involve: (i) the constitutionality of the present system of apportioning state assistance among public school districts; (ii) the validity of certain State Tax Commission interpretations of several provisions of the State's sales tax law; (iii) the validity and fairness of agreements and treaties by which the Oneida and Cayuga Indians transferred title to the State to approximately 6 million acres of land in central New York; (iv) the constitutionality of State legislation providing for a gross receipts tax on oil company revenues; (v) certain aspects of the State's Medicaid rates and regulations, including standards for determining medical assistance eligibility and reimbursements to providers of Medicaid services; (vi) 1977 legislation requiring the deduction from State aid otherwise due school districts of an amount equal to distributions to such districts from a fund formerly held by certain insurance companies; (vii) the level of public assistance grants; (viii) the treatment provided at several State Mental Hygiene facilities and the alleged differentiation between institutionalized and non-institutionalized retarded children in the State's provision of assistance for at-home care by family members; (ix) the conduct of the State, HFA, and the State Commissioner of Housing and Community Renewal in the construction, financing, supervision and management of Co-op City; (x) the fulfillment by the State of various obligations arising out of contracts entered into by the State Department of Transportation; (xi) the State's action in recouping certain Social Services aid from New York City and to enjoin the State from recouping additional such aid from the City; (xii) contamination in the Love Canal area of Niagara Falls; (xiii) the valuation of a major utility company's franchise in 43 municipalities and the taxes based on such valuation; (xiv) the constitutionality of State legislation providing for construction of a new stock exchange facility in New York City, financed in part by State appropriations to the UDC; (xv) the State's method of determining the level of learning disability which is required before children become eligible for educational assistance for handicapped children and (xvi) the constitutionality of the expenditure by the State of certain funds in the State treasury received from the Federal government.

In 1978, the State Court of Appeals held unconstitutional State legislation that authorized certain cities and school districts to impose a special increase of real property tax rates in order to raise funds for pension contributions and for certain other uses. Over $100 million annually was collected pursuant to rates in excess of the State constitutional limits in reliance on this legislation. State loans aggregating up to $52 million were authorized to be made in the 1980 fiscal year for certain school districts; approximately $20 million of such loans were made in April 1979. Such loans have also been authorized for the 1981 fiscal year for certain school districts and were made during May 1980.

**PART 9—CERTAIN DEVELOPMENTS AFFECTING THE CITY**

Although bonds of the Corporation are not obligations of the City, financial developments with respect to the City may affect the market for or market prices of the Corporation's securities. The Corporation believes that its ability to repay the Second Resolution Bonds is not dependent upon the financial condition of the City. However, economic and demographic conditions in the City may affect the levels of Sales Tax receipts and Per Capita Aid. During the time the Series 27 and 28 Bonds are outstanding, financial developments and other matters concerning the City will be the subject of reviews.
and reports by various agencies of Federal and State Government, see “PART 10—VARIOUS CONTROL PROGRAMS.”

This section describes the City’s actual operating results for the first quarter of fiscal 1981 and projections for the remainder of the year, major assumptions and uncertainties with respect to such projections, and some of the financial difficulties the City is expected to face in the future. It provides only a brief summary of the complex factors affecting the City’s financial condition. This section is based entirely on information reported to the Corporation by the City, the Control Board, and the Office of the Special Deputy Comptroller, or as presented in the City’s four year financial plans or the Official Statements prepared by the City in connection with the issuance of its securities; or contained in other reports and statements referred to herein.

Recent Financial History

During 1975 the City became unable to market its securities and entered a period of extraordinary financial difficulties. In response to this crisis, the State created the Corporation and enacted the Emergency Act, which created the Control Board. See “PART 10—VARIOUS CONTROL PROGRAMS.” Among other State actions was an advance to the City at the end of the City’s 1975 fiscal year of $800 million of State assistance moneys due the City in the succeeding fiscal year (an action repeated in each of the next three fiscal years).

The City took a number of steps which were intended to enable it to balance its budget and to regain access to the public credit markets. As required by the Emergency Act, these included accounting reforms and development of a three-year financial plan (the “Three Year Financial Plan”) to provide for a budget balanced in accordance with accounting principles permitted by State law by the 1978 fiscal year. State law permits two major deviations from GAAP: (1) accounting for contributions to employee retirement systems and recipients of supplemental benefits on a cash basis rather than on an accrual basis, and (2) inclusion of certain expense items in the City’s Capital Budget in decreasing amounts during a phase-out period.

In order to provide both seasonal and long-term financing for the City, a number of actions were taken. The City and the Federal Government entered into an agreement which provided the City with seasonal financing until June 30, 1978. Certain City pension funds agreed to provide the City with long-term financing through June 30, 1978, by purchasing City bonds and the City’s sinking funds exchanged City notes for City bonds. In addition, bonds of the Corporation were: (1) purchased by certain commercial banks and City pension funds, (2) sold to the public, and (3) exchanged for outstanding City notes. In November, 1975, the State Legislature enacted the New York State Emergency Moratorium Act, which suspended the rights of holders of short-term notes of the City to bring suit to enforce payment of such notes. The State Court of Appeals subsequently held the Moratorium Act unconstitutional and provision was made for the payment of such notes.

During the 1976 through 1978 fiscal years, the City, among other actions, took steps to reduce the number of its employees, entered into labor contracts consistent with the assumptions contained in the Three Year Financial Plan and with the wage guidelines adopted by the Control Board, began charging general tuition at the City University of New York, and received additional State and Federal aid. Under the Three Year Financial Plan, the City Comptroller reported, in accordance with the accounting principles permitted by State law, operating deficits of $968 and $329 million, for the 1976 and 1977 fiscal years, respectively. The City Comptroller has estimated that without the two major deviations from GAAP permitted by State law the reported deficits for the 1976 and 1977 fiscal years would have been approximately $1.870 billion and $1.039 billion, respectively. The financial statements for those two years, however, are unaudited and may contain substantial errors as well as other deviations from GAAP.

As required by the Act, the City’s 1978 and 1979 financial statements were audited by a consortium of independent accounting firms headed by Peat, Marwick, Mitchell & Co. The statements report results both in accordance with the accounting principles permitted by State law and in accordance with GAAP.
Under the accounting principles permitted by State law, the General Fund balances for fiscal 1978 and 1979 showed surpluses of $32 million and $216 million, respectively; when reported in accordance with GAAP, the General Fund showed a deficit of $712 million and $422 million, respectively.

Although the City accomplished the budgetary and accounting objectives of the Three Year Financial Plan, it did not regain access to the public credit markets during its 1978 fiscal year. The City, the Corporation, the Control Board and others, therefore, proposed a combination of actions intended to provide for the City's long-term financing through the 1982 fiscal year and to enable the City to reenter the public credit markets. These proposals resulted in: (1) the development of the Debt Issuance Plan and a financial plan for the 1979 through the 1982 fiscal years, (2) an extension of the Control Board, (3) an increase in the Corporation's debt issuance authority, (4) authorization for the Federal guarantee of certain City bonds, (5) elimination of the State advance and (6) reduction of the City's seasonal financing requirements. The State and Federal legislation necessary to undertake this program was enacted, and in November 1978 the Agreements implementing the Debt Issuance Plan were signed. For a description of some of the conditions which must be satisfied for successful implementation of the Debt Issuance Plan, see "PART 5—DEBT ISSUANCE PLAN."

As required by the Act, the City's 1980 financial statements were also audited by a consortium of independent accounting firms headed by Peat, Marwick, Mitchell & Co. The City's audited year-end figures for the 1980 fiscal year indicate that operations for the 1980 fiscal year resulted in a $145 million surplus in the General Fund when reported in accordance with State law, but a deficit of $356 million when reported in accordance with GAAP. The opinion of the consortium concluded that the City's 1980 financial statements, which for the first time included a Statement of General Fixed Assets, present fairly the financial position and results of operations of the City in accordance with GAAP. The opinion of the consortium, as with previous years' opinions, was subject to pending real estate tax certiorari proceedings, which, if decided adversely to the City, could have a substantial financial impact on the City. See "Litigation" in this Part 9. The opinion further stated that the City's ability to obtain financing and balance its budget in accordance with GAAP depends on assumptions and events which cannot be assured.

Pursuant to the Act and the Emergency Act, the City is required to submit by May 11 of each year for review and approval by the Control Board a financial plan for the next four fiscal years, covering the City and certain agencies subject to the provisions of the Emergency Act (the "covered organizations"). The four year financial plan may be modified from time to time during the fiscal year upon request of the City and approval of the Control Board. The Emergency Act requires that the City provide for a budget balanced in accordance with State law through fiscal year 1981 and in accordance with GAAP thereafter.

**Fiscal Years 1981-1984**

The City's four year financial Plan approved by the Control Board on September 18, 1980 (the "1981 Four Year Plan") projects revenues and expenditures of $13.695 billion which includes the full costs of labor settlements reached by the City with its municipal workers unions and is balanced according to GAAP, one year earlier than required by State law. The 1981 Four Year Plan projects a GAAP-balanced budget for fiscal year 1981, and potential budget gaps of $733 million, $1,259 million, and $1,312 million in fiscal years 1982, 1983 and 1984, respectively, to be closed through a combination of actions to be implemented during the four year period. For fiscal years 1982 through 1984, the Plan assumes substantial increases in real estate tax revenues as a result of increased real property assessments and an increased property tax rate. The Plan also reflects wage increases of 3% for each of the 1983 and 1984 fiscal years. The projected gaps for fiscal years 1982 through 1984 do not include significant deficits which have been projected for the Transit Authority in fiscal years 1982 through 1984 and the Health and Hospitals Corporation for fiscal years 1983 to 1984.

In connection with the 1981 Four Year Plan, the City proposed a combination of gap-closing actions which, if realized, would produce GAAP-balanced budgets in each of the 1982 through 1984 fiscal years. These actions include further expenditure reductions, revenue enhancement programs such
as expansion of the scope of the Off Track Betting Corporation ("OTB") to include "sports betting" estimated to provide approximately $75 million each year, $32 million per year from accelerated payment of real estate taxes, debt service savings of $50 million per year, new State aid of $136 million, $209 million and $283 million for fiscal years 1982 through 1984, respectively, and new Federal aid of $200 million, $640 million and $710 million for each of those years, respectively. The City has also proposed a contingency program consisting of increased taxes and further expenditure reductions totaling $200 million in fiscal year 1982, and $500 million in fiscal years 1983 and 1984 including receipt of additional State aid for the latter two years.

In connection with the approval of the 1981 Four Year Plan, the City (1) provided an additional program of expenditure reductions which could, if necessary, be implemented in fiscal year 1981 to produce annual savings of $100 million in fiscal year 1982 and (2) provided specific details of its $200 million contingency program for fiscal year 1982. The staff of the Control Board in a report on the 1981 Four Year Plan stated that, although there are potential risks, the contingency program and the program of expenditure reductions make the projected fiscal 1982 budget gap manageable. The report warned, however, that certain factors which contributed to the City's past budgetary successes cannot be expected to continue to provide substantial benefits in the future. The report also stated that in order to achieve recurring balanced budgets for fiscal years 1983 and 1984 the City must focus on reducing further the growth of City expenditures through the development of new approaches to long-range financial planning.

The office of the Special Deputy Comptroller has issued a report on the 1981 Four Year Plan based upon actual operating results for the first quarter of such year. The report projects a fiscal 1981 budgetary surplus in accordance with GAAP of between $87 and $286 million, including the $100 million budgeted general reserve. The report concludes that the projected surplus arises primarily from better than expected local tax revenues which will be offset by only minor slippage in realization of the City's planned expenditure reductions for fiscal 1981. After consideration of the first quarter results for fiscal 1981, the report projects a revised budget gap for fiscal 1982 of $570 million, rather than the $733 million budget gap projected in the 1981 Four Year Plan, and that there are potential gap closing actions within the City's control which could further reduce the gap to $308 million. The report's projected reduction of the budget gap for fiscal 1982, however, is based upon numerous uncertainties regarding (i) revenue enhancements requiring legislative and other approvals, (ii) potential shortfalls in assumed State and Federal aid, (iii) savings from expenditure reductions yet to be implemented, and (iv) potential deficits within the Transit Authority, the Board of Education and the Health and Hospitals Corporation, among others. For fiscal years 1983 and 1984, the report cited similar concerns, adding that the City's provision for wage increases in those years may prove to be inadequate. The report stated that budgetary relief may be obtained in fiscal years 1982 through 1984 from better than expected local tax revenues and under-spending of planned expenditures. Considerably greater potential risks exist in the City's Plan for fiscal years 1983 and 1984 as a result of a potentially larger than projected labor settlement covering those years and the City's projections of increased growth in new Federal and State aid in fiscal 1983 and 1984.

The 1981 Four Year Plan is based on numerous assumptions which could, if not realized, result in either increased budget gaps or shortfalls in gap closing and contingency programs.

On January 16, 1981, the City announced a financial plan for fiscal years 1981 to 1985, which includes the preliminary budget for fiscal 1982 and proposals for revisions to the approved 1981 Four Year Plan. On January 19, 1981, the City submitted to the Control Board a modification of the 1981 Four Year Plan which reflects the proposed revisions. The modification reflects significantly increased revenue projections for all four years over the projections contained in the approved plan. The modification projects revenues and expenditures balanced according to GAAP for fiscal years 1981 and 1982, including a budgeted general reserve of $128 million for fiscal 1981, which creates the potential for a GAAP surplus for that year. The GAAP-balanced budget projected for fiscal 1982 is subject to the achievement of actions required to be undertaken to eliminate a gap presently projected at $421 million for that year. The plan as modified provides additional funding for increases in the City's workforce,
largely within the uniformed services, during each of the 1981 and 1982 fiscal years. For fiscal years 1983 and 1984, the modified plan projects budget gaps of $723 million and $768 million, respectively, after giving effect to gap-closing programs to be achieved in fiscal 1982, representing a reduction of over $500 million for each of those years from the budget gaps projected in the approved plan. The modification includes revised gap-closing programs consisting of various City, State and Federal actions, including the proposed assumption of Medicaid costs by the State, sufficient to close projected budget gaps for fiscal years 1983 and 1984. The modified 1981 Four Year Plan is subject to review and approval by the Control Board and may be revised prior to approval.

**Litigation**

The notes to the City’s audited financial statements for the 1980 fiscal year report that the City is a defendant in a significant number of lawsuits pertaining to material matters including those claims asserted which are incidental to performing routine governmental and other functions. As of June 30, 1980, claims in excess of $22 billion were outstanding against the City for which the City estimated its aggregate potential future liability to be $590 million. The 1981 Four Year Plan contains provisions for the settlement of judgments and claims, other than the real estate tax certiorari proceedings described below, in the amount of $65 million in each of the 1981 through 1984 fiscal years.

Numerous real estate tax certiorari proceedings are presently pending against the City on grounds of alleged overvaluation of assessed property, inequality of assessments and illegality of assessments. Similar litigation has been commenced in other localities in the State, and in certain localities court decisions have been adverse to the taxing authority. An adverse decision to the City involving this issue could have a substantial adverse impact on the City. The City has reported that as of June 30, 1980, the estimated potential exposure to the City in these cases could amount to approximately $1.6 billion. Provision was made in the City’s 1981 Four Year Plan for estimated adjustments for overpayments of real estate taxes in amounts of approximately $40 million annually in the 1981 through 1984 fiscal years. Remedial legislation has been enacted by the State to limit and reduce such liability; however, this legislation is also being challenged and has been held to be unconstitutional in certain lower court decisions. On May 29, 1980, the State Supreme Court, New York County, held that the City’s classified system of taxation was authorized by special legislation. In view of this special legislation governing special assessments, and challenges thereto, the court stated that the 1978 and 1979 remedial legislation is not relevant in proceedings involving City assessments.

In an action currently pending, a retired City teacher seeks, among other relief, to enjoin further investments by the Teacher’s Retirement System of The City of New York (the “TRS”) in obligations of the City and to rescind previous purchases of obligations of the City and of the Corporation. On November 30, 1978, the United States Court of Appeals for the Second Circuit, without discussing the merits of the plaintiff’s claim, reversed, in part, a lower court’s dismissal of the suit and held that a retired teacher, as a beneficiary of the TRS, has standing to assert his claim that the TRS trustees violated the anti-fraud provisions of the Federal securities laws in connection with such purchases. On July 19, 1979, the Second Circuit denied the TRS trustees’ petition for rehearing. On December 10, 1979, the United States Supreme Court denied the request of the TRS trustees for a writ of certiorari. On March 31, 1980, plaintiff served an amended complaint naming the TRS trustees, certain banks, and the Governor as defendants. Plaintiff, among other things, seeks (i) damages for the loss incurred by selling TRS securities and purchasing City securities and the loss of interest resulting from the exchange of bonds of the Corporation, (ii) a judgment requiring the defendants to fund fully certain reserve funds and to segregate and not commingle those funds with other assets of the City and (iii) a judgment restoring certain investment standards with regard to such reserve funds. On May 20, 1980, the City answered the amended complaint in part, denying all material allegations and all liability, and moved to dismiss such complaint in part. An adverse decision in this action could deprive the City of funds under the Debt Issuance Plan.

On October 31, 1979, a suit was filed in Federal District Court for the Eastern District of New York challenging the State Department of Education’s implementation of Federal regulations regarding the public education of children with learning disabilities. Among other things, plaintiffs alleged that the
State Department of Education's interpretation of the term "severe," which appears in a Federal regulation relating to the required level of learning disability in children, is too narrow as applied to the qualification of children in the State for educational assistance for handicapped children. The City is presently not a party to this action. On June 30, 1980, the court found for plaintiffs. The City has been informed that the State has appealed this decision to the Second Circuit Court of Appeals. Because a final decision adverse to the Department of Education in this case could result in many more children so qualifying and a concomitant mandatory substantial increase in expenditures by the City's Board of Education, the City has filed a brief as amicus curiae.

Federal Bankruptcy Legislation

The City projects meeting its cash needs through the 1985 fiscal year from its own revenues, Federal and State aid, seasonal borrowings, and the sale of the City's and the Corporation's bonds pursuant to the Debt Issuance Plan. If the City's cash sources are insufficient to meet its obligations, Federal and State statutes provide for certain remedies under Chapter 9 of the Federal Bankruptcy Code.

Chapter 9 permits any State political subdivision or agency to file a petition for relief under its provisions if the subdivision or agency is authorized to do so by State law. Both the City and the Control Board (on behalf of the City) are so authorized, and either could file such a petition if the City were (a) insolvent or unable to meet its debts as they mature, (b) desirous of effecting a plan to adjust its debts, and (c) able to meet the other prerequisites for filing a Chapter 9 petition with respect to negotiations between the City and its creditors and other matters. Any plan to adjust the City's debts would become effective only upon Court approval, after the requisite approval by creditors of the City has been obtained.

If a Chapter 9 petition were filed, certain financial institutions and City pension funds would not be required to purchase bonds of the Corporation; and the Secretary of the Treasury could refuse to guarantee any additional City bonds.

Although the filing of such petition might have a general adverse effect on the economic health of the City, the Corporation believes that such a filing would not have a materially adverse effect on the Corporation's ability to repay its obligations, including the Series 27 and 28 Bonds. The filing of such a petition, as with other financial developments with respect to the City, might affect the market for and market prices of the Corporation's securities.

PART 10—VARIOUS CONTROL PROGRAMS

This PART describes the powers of the Corporation to aid the City, the requirements imposed upon the City by the Act and the Emergency Act, and the powers of the Corporation and the Control Board to review and take action with respect to the City's compliance with such requirements.

The Corporation

The Act authorizes the Corporation to make direct payments to or purchase obligations of the City. At the time of any payment to the City, the City is required to agree to observe and perform a number of statutory conditions which the Corporation may modify from time to time, but may not waive. The Act provides that the statutory conditions, as modified by the Corporation and agreed to by the City, shall cease to apply when all bonds and notes of the Corporation have been repaid or such repayment is provided for as specified in the Act.

The statutory conditions are designed to (i) reform and unify the City's system of accounting, (ii) provide independent review of the City's expenditures, and (iii) establish limits and controls over the City's debt-incurring power. These conditions, and the City's compliance therewith to date, may be briefly summarized as follows:

(i) The City has adopted as its method of accounting the accounting principles permitted by State law. The City's audited financial statements provided to the Corporation for the City's 1978, 1979 and 1980 fiscal years were prepared and those to be prepared for each subsequent fiscal
year are to be prepared in accordance with GAAP, with the adjustments necessary to show results in accordance with the accounting principles permitted by State law for fiscal years through 1981.

(ii) The Act requires the City to comply with various provisions of the Emergency Act relating to balanced budgets, provisions for debt service and other financial requirements. The City is required to submit its proposed operating budgets (and any subsequent increases in expenditures therein) and operations reports for each fiscal year and each quarter to the Corporation for review to determine whether the City is adhering to an operating budget in which revenues equal or exceed expenditures under the accounting principles permitted by State law.

(iii) The Act sets forth limitations for the issuance by the City of its short-term notes. The Corporation is required to police these limitations by making an advance determination as to whether a proposed issuance of short-term obligations by the City violates these limitations and by reporting any adverse determination to the City Comptroller, who is then prohibited from issuing such obligations. The Corporation anticipates that these limitations will not prevent the City from issuing any short-term obligations to meet its seasonal needs.

If the Board of Directors of the Corporation determines, after review of the City’s books and records and consultation with the Mayor, that the City’s operating budget will not be balanced in accordance with State law, or that any of the conditions summarized above have not been fulfilled or should be modified, the Corporation must notify the Governor, the Mayor and certain other State and City officials and must disclose such determinations to the public.

Control Board

The Control Board, created pursuant to the Emergency Act in 1975, is composed of the Governor and the Comptroller of the State, the Mayor and the Comptroller of the City and three appointees of the Governor: G. G. Michelson, Stanley S. Shuman and Lee P. Oberst. Comer S. Coppie is the Executive Director of the Control Board. Sidney Schwartz is Special Deputy State Comptroller and assists the Control Board and the Corporation in carrying out their functions.

The most significant powers of the Control Board are exercisable during a “control period,” defined in the Emergency Act to mean the period ending when (i) there is no longer effective or outstanding any Federal guarantee (see “PART 5—DEBT ISSUANCE PLAN”), (ii) the Control Board has determined that the City has adopted and adhered to an operating budget balanced in accordance with GAAP for each of the three immediately preceding fiscal years, and (iii) the State and City Comptrollers have jointly certified that securities sold by or for the benefit of the City during the preceding and current fiscal year in the public market satisfied the capital and seasonal financing requirements of the City during such period and that there is a substantial likelihood that such securities can be sold in the public credit markets through the end of the next succeeding fiscal year in amounts that will satisfy substantially all of the capital and seasonal financing requirements of the City during such period. Thereafter, a control period is to be reimposed by the Control Board at such times and for such durations as are made necessary by the actual (or substantially likely and imminent) occurrence of certain events relating to the City’s ability to pay debt service on its bonds and notes when due or its ability to adopt or adhere to a balanced operating budget or to satisfy its capital and seasonal financing needs in the public credit markets. After the termination of a control period, the Control Board is required to consider annually whether, in its judgment, any of the specified events has occurred. No control period may extend beyond the earlier of (i) July 1, 2008 or (ii) such date as no bonds or notes containing the 1978 State Covenant remain outstanding and there is no longer effective or outstanding any Federal guarantee.

During a control period, the four year financial plans for the City and the covered organizations, including modifications thereof, are subject to review and approval by the Control Board. In addition, the Control Board must formulate and adopt a financial plan, in the event a plan shall not have been approved prior to the beginning of the first fiscal year covered by such plan, and may modify a plan, in the event a modification required pursuant to the Emergency Act shall not have been approved within the time period specified by such Act. The Control Board is required to disapprove a financial plan or
financial plan modification if the plan or modification is incomplete or fails to comply with the applicable standards specified in the Emergency Act, except that the Control Board may authorize a method of phasing into the operating budgets the requirements of any changes in GAAP over a reasonable period if immediate compliance would cause a substantial adverse impact on the delivery of essential services. The Control Board may also approve modifications to a financial plan that would cause the financial plan to no longer be in compliance with the applicable standards if compliance would result in a material adverse impact upon the delivery of essential services because of unforeseen events during the fiscal year. Beginning with the 1983 fiscal year, any deficit in the results of the City’s operations must be provided for in the following fiscal year.

The Control Board’s current program for determining the City’s compliance with its financial plan includes monitoring the City’s system of monthly expenditure projections and quarterly allocations for each agency, review of cost reduction programs, and review of revenue by category on an ongoing basis.

For the duration of a control period all revenues, funds and accounts of the City and any covered organization are revenues, funds and accounts of a fund established pursuant to the Emergency Act (the “Board Fund”) and are held for the account of the City or the appropriate covered organization except to the extent prohibited by law or previous agreement relating to outstanding securities and except for moneys deposited into the City general debt service fund or repayment accounts for tax or revenue anticipation notes. Responsibility for disbursements from and day-to-day management of the Board Fund is in the hands of the City, although the Control Board has established procedures through which it may assume immediate control of such fund, subject to certain conditions. The Control Board has the power to exempt revenues, funds or accounts from these requirements.

In addition to its responsibilities with respect to the four year financial plans, during a control period the Control Board is also charged with responsibility for the review and approval of proposed contracts and certain obligations of the City and the covered organizations, and, in coordination with the Corporation, the approval of long-term or short-term borrowing by the City or any covered organization.

PART 11—AGREEMENT OF THE STATE OF NEW YORK

In the legislation which established the Corporation in 1975, the State pledged to and agreed with the holders of the Corporation’s bonds, that the State will not limit or alter the rights vested by the Act in the Corporation to fulfill the terms of any agreements made with holders of any such bonds, or in any way impair the rights and remedies of such holders, until any such bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of such holders, are fully met and discharged. The Corporation has included such pledge in the Second General Bond Resolution.

In addition, pursuant to legislation enacted in 1978, the City is authorized and the Corporation is required to include the 1978 State Covenant in any agreement with holders or guarantors of their notes or bonds. By the terms of the 1978 State Covenant, the State agrees not to take any action that will (a) substantially impair the authority of the Control Board during a control period to approve, disapprove or modify any financial plan or modification, to disapprove contracts of the City or covered organizations, to approve or disapprove proposed borrowings of the City or covered organizations, and to establish procedures for deposits to and disbursements from the Board Fund; (b) substantially impair the authority of the Control Board to review financial plans and modifications, contracts and proposed borrowings of the City or covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the Control Board so that a majority of the voting members are not elected State officials or appointees of the Governor; (e) terminate the existence of the Control Board before the earlier of July 1, 2008 or the date when all notes or bonds containing the 1978 State Covenant are no longer outstanding and there is no longer effective or outstanding any Federal guarantee; (f) substantially modify the requirement that
the City's financial statements be independently audited; or (g) alter the definition of control period or substantially alter the authority of the Control Board to reimpose or terminate a control period. The Emergency Act provides that the pledge and agreement of the State shall cease to be effective when notes and bonds subject to the pledge are no longer outstanding or when sufficient moneys have been set aside for their payment.

Enactment of the 1978 State Covenant was considered by the Financial Institutions to be an essential condition to their participation in the Debt Issuance Plan. In the opinion of Bond Counsel, given to the Financial Institutions and City Pension Funds pursuant to the Financing Agreement, while the matter is not free from doubt, the 1978 State Covenant is enforceable, provided a court would hold that the pledge is an "important security provision" of the bonds, "subject at all times to the proper exercise of the State's reserved police power." The enforceability of the 1978 State Covenant is subject to various factual requirements and legal uncertainties and there can be no assurance that any purchaser seeking to enforce the 1978 State Covenant will be able to meet such factual requirements or that such legal uncertainties will be resolved in favor of such enforcement.

PART 12—MANAGEMENT

Under the Act, the Corporation is administered by a Board of Directors (the "Board"), consisting of nine directors. All of the directors are appointed by the Governor with the advice and consent of the State Senate; four of the directors are appointed upon written recommendation of the Mayor. The Act also provides for the appointment of representatives to the Board (the "Representatives") by certain State or City officials or bodies politic. The Representatives are entitled to receive notice of and to attend all meetings of the Board but are not entitled to vote. In addition, the State Comptroller or his representative is entitled to attend and participate in the meetings of the Board but is not entitled to vote.

The Act provides that no director (and no Representative) may be an officer or employee of the Federal Government or of the State or of any political subdivision thereof.

The present members of the Board and the Representatives of the Corporation, and the expiration dates of their respective terms of office are as follows:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Expiration of Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Felix G. Rohatyn, Chairman</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Edward M. Kresky, Vice Chairman(1)</td>
<td>December 31, 1981</td>
</tr>
<tr>
<td>Francis J. Barry(2)</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Kenneth J. Bialkin(1)(2)</td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>George M. Brooker(2)(3)</td>
<td>December 31, 1977</td>
</tr>
<tr>
<td>Eugene J. Keilin</td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>Dick Netzer</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Andrew P. Steffan(1)(2)(3)</td>
<td>December 31, 1980</td>
</tr>
<tr>
<td>Robert C. Weaver(3)</td>
<td>December 31, 1980</td>
</tr>
</tbody>
</table>

| Representatives(4)                           |                     |
| Jerome Belson                                | Appointed by the Vice-Chairman of the City Council |
| John P. Holmes                               | Appointed by the Minority Leader of the State Assembly |
| Leonard Nadel                                | Appointed by the Speaker of the State Assembly |
| Richard D. Parsons                           | Appointed by the President Pro-Tem of the State Senate |
| Bradford J. Race, Jr.                        | Designated representative of the State Comptroller |
| Robert W. Seavey                             | Appointed by the Minority Leader of the State Senate |

Heather L. Ruth is the Executive Director of the Corporation.(5)

(1) Wertheim & Co., Inc., Smith Barney, Harris Upham & Co. Incorporated, and Shearson Loeb Rhoades Inc., with which Massrs. Kresky, Steffan and Bialkin, respectively, are affiliated, as described in their biographies, may act as underwriters in connection with the sale of the Series 27 Bonds and the Warrants.

(2) Appointed upon the written recommendation of the Mayor.

(3) Massrs. Brooker, Steffan and Weaver are continuing to serve as directors until reappointed or until their successors have been appointed and qualified.

(4) Each Representative serves at the pleasure of the appointing official or body, is eligible for reappointment and holds office until his successor has been appointed.

(5) Merrill Lynch, Pierce, Fenner & Smith Incorporated, with which Ms. Ruth's husband is a Vice President, is acting as managing underwriter in connection with the sale of the Series 27 Bonds and the Warrants.

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FELIX G. ROHATYN, Chairman. Mr. Rohatyn is a General Partner of Lazard Frères & Co., investment bankers. He is a former Governor of the New York Stock Exchange, Inc., and is a director of International Telephone and Telegraph Corporation, Owens-Illinois, Inc., Pfizer Inc., Pechiney Ugine Kuhlmann Corporation, MCA Corporation, American Motors Corporation and Minerals and Resources Corp., Ltd. He is also a director of the New York Heart Association and the New York Philharmonic. Mr. Rohatyn is a resident of New York City.

EDWARD M. KRESKY, Vice-Chairman. Mr. Kresky is a General Partner of Wertheim & Co., investment bankers. He has been with Wertheim since 1971. From 1965 through 1971, he served as Secretary to the Metropolitan Transportation Authority of New York State. He is a member of the Boards of Security Mutual Life Insurance Company of New York, the New York State Council on the Arts and the New York City Ballet. Mr. Kresky served the Corporation as a Representative from June 1975 to January 1979. He also served as an observer to the Control Board from 1976 to January 1979. Mr. Kresky is a resident of New York City.

FRANCIS J. BARRY. Mr. Barry is President of Circle Line-Sightseeing Yachts, Inc. and other of its affiliated companies. From 1967 to date, he has served as an arbitrator for the United Marine Division of Local 333 I.L.A. of the AFL-CIO. He is a member of the Board of Directors of the New York Convention Center Operating Corporation. He is a director and a member of the Executive Committee of the New York Convention and Visitors Bureau. He is a former member of the Control Board. Mr. Barry is a resident of New York City.

KENNETH J. BIALKIN. Mr. Bialkin is a member of the law firm of Willkie Farr & Gallagher, New York, New York, and is an Adjunct Professor of Law at the New York University School of Law. He has served as Chairman of the Committee on Federal Regulation of Securities of the Section of Corporation, Banking and Business Law of the American Bar Association, and is presently Chairman-elect of such Section. He is also a Vice President and a former Chairman of the Committee on Securities and Exchanges of the New York County Lawyers' Association. He is a director of Shearson Loeb Rhoades Inc. and E. M. Warburg, Pincus & Co., Inc. Mr. Bialkin is a resident of New York City.

GEORGE M. BROOKER. Mr. Brooker is a principal stockholder and President of Webb & Brooker, Inc., a real estate management and brokerage firm. He is past President of the Greater New York Institute of Real Estate Management. He was formerly the Chairman and is currently a member of the Board of Directors of the New York Urban League. He is a director of the Regional Plan Association, a member of the Board of Governors of the Real Estate Board of New York and the Realty Advisory Board of New York. He is also a member of the Board of Governors of the Carver Democratic Club of New York City. He is a member of the Management Council, National Center Housing Management of Washington, D.C., and a director of the Realty Foundation of New York and a member of the Advisory Committee of the New York Bank for Savings. Mr. Brooker is a resident of Pelham Manor, New York.

EUGENE J. KEILIN. Mr. Keilin, Chairman of the Corporation's Finance Committee, is a Senior Vice President of Lazard Freres & Co., investment bankers and was Executive Director of the Corporation from October 1976 to January 1979. From 1973 to 1975, he served as General Counsel of the City's Office of Management and Budget and, from 1975 to October 1976, he was counsel to the City's First Deputy Mayor for Finance. Prior to his employment by the City, Mr. Keilin was associated with the New York law firm of Sage, Gray, Todd & Sims. Mr. Keilin is a Lecturer in urban problems and municipal finance at Columbia Law School. He is a Trustee of the Citizens Budget Commission and the Community Council of Greater New York, and a member of the Municipal Affairs Committee of the Association of the Bar of the City of New York. Mr. Keilin is a resident of New York City.

DICK NETZER. Dr. Netzer has been Dean of the Graduate School of Public Administration of New York University since 1969. He is a nationally recognized expert in the areas of state and local government finance and urban economics and he has published extensively in each of those areas. He is a member and Vice Chairman of the Municipal Securities Rulemaking Board. He is editor of the quarterly New York Affairs and a member of numerous editorial and research advisory Boards. Mr. Netzer is a resident of New York City.
ANDREW P. STEFFAN. Mr. Steffan is a First Vice President in the Corporate Finance Department of Smith Barney, Harris Upham & Co. Incorporated. From 1972 until 1976, he was on the staff of the Securities and Exchange Commission and became the Agency’s first Director of Economic and Policy Research. He is a member of the Executive Committee of the New York District of the Securities Industry Association. Mr. Steffan is a resident of New York City.

ROBERT C. WEAVER. Dr. Weaver was Distinguished Professor of Urban Affairs at Hunter College from 1971 to 1978. He is now Distinguished Professor Emeritus. From 1966 through 1968, he was Secretary of the United States Department of Housing and Urban Development and, from 1968 through 1970, was President of Bernard M. Baruch College. He is a former member of the Board of Trustees of the Metropolitan Life Insurance Co. and the Bowery Savings Bank, and is a former Chairman of the National Association for the Advancement of Colored People. Dr. Weaver is a resident of New York City.

JEROME BELSON, Representative. Mr. Belson is President and Chief Executive Officer of Jerome Belson Associates, Inc., a real estate management firm. He is also a partner in the law firm of Belson, Connolly & Belson. Mr. Belson is Chairman of the Board of Waterhouse Securities, Inc., a member of the New York Stock Exchange. He is a member of Citizens Housing and Planning Council and a Director of the Associated Builders and Owners of Greater New York, Inc., the Association for Government Assisted Housing, Inc., and the New York Metropolitan Chapter of the National Association for Housing Redevelopment Officials. Mr. Belson is a resident of New York City.

JOHN P. HOLMES, Representative. Mr. Holmes is the owner of the John P. Holmes Co., Inc., a New York-based national management consulting firm, which he founded in 1976. He is a member of the Association for a Better New York and the Iona College Board of Advisory Trustees. He is active in supporting the performing arts. Mr. Holmes is a resident of Westchester County, New York.

LEONARD NADEL, Representative. Mr. Nadel, who was Senior Vice President of Abraham & Straus, a division of Federated Department Stores, Inc., until March 1978, established his own management consulting firm, Leonard Nadel Associates Inc., in New York City in April 1978. In July, 1980, Mr. Nadel joined Beldach Industries Corporation, an apparel manufacturer, as Vice President. He is Chairman of the Board of Trustees of Adelphi University, a Trustee of Long Island Jewish-Hillside Medical Center, and he was Vice-Chairman of the Downtown Brooklyn Development Association and President of the Brooklyn Chamber of Commerce. Mr. Nadel is a resident of Roslyn, New York.

RICHARD D. PARSONS, Representative. Mr. Parsons is a member of the law firm of Patterson, Belknap, Webb & Tyler. He has been with the Patterson firm since 1977. From 1971 through 1974, Mr. Parsons served as an Assistant and First Assistant Counsel to former Governor Rockefeller. In 1975, he became Deputy Counsel to then Vice President Rockefeller and, later that year, was appointed to the White House staff as Counsel to the Domestic Council. He also serves as an observer to the Control Board. Mr. Parsons is a resident of Briarcliff Manor, New York.

BRADFORD J. RACE, JR., Representative. Mr. Race is an attorney with the law firm of Dewey, Ballantine, Bushby, Palmer & Wood, New York, New York, with which he has been associated since 1970. He is a member of the New York State Comptroller's Advisory Committee on New York City Fiscal Affairs, the National Association of Bond Lawyers, and the Municipal Finance Officers Association. Mr. Race is a resident of New York City.

ROBERT W. SEAVEY, Representative. Mr. Seavey is President of N.D.I., a real estate development and construction firm. He is a member of the law firm of Seavey, Fingerit & Vogel, New York, New York, a director of the Citizens Housing and Planning Council of New York, a member of the Committee on Housing and Urban Development of the Association of the Bar of The City of New York, and an Adjunct Professor of Law at Brooklyn Law School. Mr. Seavey is a resident of New York City.

HEATHER L. RUTH, Executive Director. Ms. Ruth has served as an analyst with the New York City Budget Bureau, and as an Assistant Administrator of the City's Environmental Protection Administration. From 1974 until 1978, she was also a Vice President of Mathematica Policy Research, Inc., a Princeton-based research consulting firm. From 1978 until her appointment as Executive Director of the Corpora-
tion on June 25, 1980, Ms. Ruth was self-employed as a consultant to government and private clients in New York and New Jersey. Ms. Ruth resides in New York City.

PART 13—LITIGATION

The Corporation is not party to any litigation. Various actions challenging the constitutionality of the imposition and appropriation of the Sales Tax and Stock Transfer Tax to the Corporation have all been dismissed with the State's highest court affirming the constitutionality of the Sales Tax and Stock Transfer Tax as security and sources of payment for the Corporation's obligations. The United States Supreme Court dismissed an appeal from the State court ruling for lack of a substantial Federal question.

PART 14—SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION

The following is a summary of certain provisions of the Second General Bond Resolution. The summary is not comprehensive or definitive and is subject to all of the terms and provisions of the Resolution, to which reference is hereby made and copies of which are available from the Corporation. The Capital Reserve Aid Fund is referred to hereinafter as the "Capital Reserve Fund." Section references, unless otherwise indicated, are to the Resolution.

Certain Defined Terms

"Bonds" means all bonds issued pursuant to the Second General Bond Resolution.

"Bond Service Fund" means the fund by that name established by Section 602.

"Capital Reserve Fund" means the fund by that name established by Section 602.

"Capital Reserve Fund Requirement" means, as of any date of calculation, the amount referred to as the capital reserve fund requirement in subdivision 4 of Section 3036-a of the Act, including, as provided in Section 901 for such purposes, any unpaid and matured amounts of principal and interest on the Bonds or such larger amounts as may hereafter be authorized pursuant to the Act as amended from time to time.

"First General Bond Resolution" means the General Bond Resolution dated July 2, 1975 as heretofore and hereafter supplemented in accordance with the terms thereof.

"Fiscal Year" means any twelve consecutive calendar months commencing with the first day of July and ending on the last day of the following June.

"Operating Expenses" means the Corporation's expenses of carrying out and administering its powers, duties and functions, as authorized by the Act, as then in effect, and includes administrative expenses, legal, accounting and consultants' services and expenses, payments to pension, retirement, health and hospitalization funds, and any other expenses required or permitted to be paid by the Corporation under the provisions of the Act, as then in effect, or the Resolution or the First General Bond Resolution or otherwise.

"Operating Fund" means the fund by that name established by Section 604 of the First General Bond Resolution.

"Outstanding" means, as of any date, Bonds theretofore or then being delivered under the provisions of the Resolution, except: (i) any Bonds cancelled by the Trustee at or prior to such date, (ii) any Bonds for the payment or redemption of which moneys equal to the principal amount or Redemption Price thereof, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in trust, (iii) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Article III or Section 406 or Section 1106, and (iv) Bonds deemed to have been defeased.

"Paying Agent" for the Bonds of any Series means the bank or trust company and its successor or successors, appointed pursuant to the Resolution and a Series Resolution or any other resolution of
the Corporation adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents is so appointed.

"Per Capita Aid" shall mean the amounts of per capita aid payable to the City pursuant to Section 54 of the State Finance Law, as the same may be amended from time to time.

"Redemption Price" means, with respect to any Bonds, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to the Resolution and the Series Resolution.

"Resolution" means the Second General Bond Resolution as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions thereof.

"Revenues" means all payments to the Corporation pursuant to Sections 3036 and 3036-a of the Act except any payments to the Operating Fund.

"Serial Bonds" means the Bonds so designated in a Series Resolution.

"Series of Bonds" or "Bonds of a Series" or words of similar meaning means the Series of Bonds authorized by a Series Resolution.

"Series Resolution" means a resolution of the Corporation authorizing the issuance of a Series of Bonds in accordance with the terms and provisions thereof adopted by the Corporation in accordance with Article X of the Resolution.

"Sinking Fund Installment" means as of any date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, the amount of money required, by the relevant Series Resolution, to be paid at all events by the Corporation on a single future July 1 for the retirement of any Outstanding Bonds of that Series which mature after such July 1, but does not include any amount payable by the Corporation by reason only of the maturity of a Bond.

"Special Aid Account" means the special account created for the Corporation in the State Aid Fund.

"State" means the State of New York.

"State Aid Fund" means the Municipal Assistance State Aid Fund established pursuant to Section 92-e of the State Finance Law.

"Stock Transfer Tax" means the tax on the sale or transfer of stock or other certificates imposed by Article 12 of the Tax Law of the State.

"Supplemental Resolution" means a resolution supplemental to or amendatory of the Resolution, adopted by the Corporation in accordance with Article X of the Resolution.

"Term Bonds" means the bonds so designated in a Series Resolution and payable from Sinking Fund Installments.

"Trustee" means United States Trust Company of New York and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to the Resolution.

(Resolution, Section 101)

The Pledge Effected by the Resolution

The proceeds of sale of the Bonds, the Revenues and all Funds established by the Resolution (except for the Operating Fund) are pledged to the payment of the Bonds. The pledge created by the Resolution is subordinate to the pledge of the revenues, moneys and securities and funds pledged under the First General Bond Resolution.

(Resolution, Section 601)
Establishment of Funds

The Resolution establishes the Bond Service Fund and Capital Reserve Fund, both of which are held by the Trustee.

(Resolution, Section 602)

Application of Payments

If the amount of any payment received is less than the amount certified by the Chairman of the Corporation, such amount shall be applied pro rata to the respective Funds on the basis of the amounts as certified.

(Resolution, Section 603)

Operating Fund

The Corporation shall pay out of the Operating Fund the amounts required for the payment of Operating Expenses.

(Resolution, Section 604)

Bond Service Fund

1. On or before the business day preceding each date of a required payment on any Bonds, the Trustee shall pay, from the Bond Service Fund, to itself and the Paying Agents, the amount required for such payment.

2. If the amount in the Bond Service Fund shall be less than the amounts required to be paid pursuant to paragraph 1 above, the Trustee shall withdraw from the Capital Reserve Fund such amount as will be sufficient to make such payment.

3. As soon as practicable after the 45th day preceding the date of any Sinking Fund Installment, the Trustee shall call for redemption the specified amount of Term Bonds to be retired by such Sinking Fund Installment.

4. The Corporation may, after July 2 in any year but no less than 45 days prior to the date on which a Sinking Fund Installment is due, direct the Trustee to purchase, with moneys in the Bond Service Fund, at a price not in excess of par, plus unpaid interest accrued to the date of such purchase, Term Bonds payable from such Sinking Fund Installment. Term Bonds so purchased shall be credited against the Sinking Fund Installment due on such date.

(Resolution, Section 605)

Capital Reserve Fund

1. The Corporation shall deposit into the Capital Reserve Fund (i) all moneys paid to the Corporation pursuant to Section 3036-a of the Act for the purpose of maintaining or restoring the amount in such Fund to the Capital Reserve Fund Requirement; (ii) such portion of the proceeds of sale of Bonds as shall be prescribed by a Series Resolution; and (iii) any other moneys which may be made available to the Corporation for such purposes.

2. At any time after December 31, 1980, moneys and securities in the Capital Reserve Fund in excess of the Capital Reserve Fund Requirement, upon direction of the Corporation, may be deposited to the credit of the Bond Service Fund.

3. The Chairman of the Corporation shall annually, on or before December 1, make and deliver to the Governor and Director of the Budget of the State a certificate stating the sum, if any, required to restore the Capital Reserve Fund to an amount equal to the Capital Reserve Fund Requirement.

4. Moneys and securities held in the Capital Reserve Fund may, and at the direction of the Corporation shall, be withdrawn therefrom by the Trustee and deposited in the Bond Service Fund for the purchase or redemption of Bonds at any time; provided that subsequent to such withdrawal, the amount in the Capital Reserve Fund will not be less than the Capital Reserve Fund Requirement.

(Resolution, Section 606)
Maintenance of Certain Funds

In order to assure the maintenance of the Operating Fund, the Bond Service Fund and the Capital Reserve Fund, not less than 120 days before the beginning of each Fiscal Year (but prior to February 12 in each calendar year), the Chairman of the Corporation shall certify to the State Comptroller and to the Mayor, with a copy of such Certificate to the Trustee, a schedule setting forth the cash requirements of the Corporation for such Fiscal Year and the time or times when such cash is required, which certification shall be revised from time to time as required. The total amount so certified by such Chairman for such Fiscal Year shall be equal to: (i) the amounts which are required to maintain the Capital Reserve Fund at the Capital Reserve Fund Requirement; (ii) the amounts required to be deposited in the Bond Service Fund to make all principal and interest payments on Bonds due during such Fiscal Year; and (iii) the amounts required to be deposited in the Operating Fund as determined by the Corporation, to meet the Operating Expenses of the Corporation during such Fiscal Year. In order further to secure the Bonds, each payment (to be made on or before April 12, June 25, October 12 and January 12) by the State Comptroller to the Corporation in accordance with such certification shall be an amount, after taking into account moneys then in the Bond Service Fund and available for purposes of the Bond Service Fund during such Fiscal Year, not less than the sum of (A) 50% of the interest on all outstanding Bonds payable within six months after the end of the quarterly period for which such payment is made plus (B) 25% of the principal and premium, if any, on all Bonds and Sinking Fund Installments of the Corporation payable within one year after the end of the quarterly period for which such payment is made and of such amount, if any, as may be required to be paid into the Capital Reserve Fund during the Fiscal Year of the Corporation of which such quarterly period is a part. Notwithstanding the foregoing, the Corporation covenanted to make the certifications referred to above at such times and in such amounts as shall be necessary to coincide with the State procedures for payment of Per Capita Aid or other sources of revenues and as shall be necessary to make the deposits required herein and to make principal and interest payments on the Bonds when due. If any increase shall occur in the cash requirements specified above, or if payments are required at a time or times earlier than previously certified, or if the City shall for any reason fail to make timely payment of the principal and accrued interest due on any obligation issued by the City to the Corporation and maturing within the same Fiscal Year, the Chairman shall certify a revised schedule of cash requirements for such Fiscal Year to the State Comptroller and to the Mayor. The schedule accompanying each certification (or revision thereof) shall provide for such payment dates as the Corporation deems appropriate to assure that sufficient funds will be available to meet the obligations of the Corporation as they become due. The Chairman shall exclude from consideration in making any such certification with respect to the funds required by the Corporation for payment of principal of or interest on the Bonds, any amounts due to be received as payment of principal of or interest on obligations of the City held by the Corporation.

(Resolution, Section 607)

Creation of Liens

The Corporation shall not issue any indebtedness, other than the Bonds secured by the Capital Reserve Fund, and shall not create any lien prior to the Bonds on the Bond Service Fund, provided, however, that nothing shall prevent the Corporation from issuing (i) indebtedness under a separate resolution if the lien created by such resolution is not prior or equal to the charge or lien created by the Resolution and (ii) obligations issued in accordance with the applicable provisions of the First General Bond Resolution.

(Resolution, Section 907)

General

The Corporation shall not amend the First General Bond Resolution in any manner which would have a material adverse effect on the Bondholders, provided, however, that nothing shall prevent the issuance of obligations upon the terms as provided in the First General Bond Resolution. No such obligations shall be issued if such issuance would cause the amounts available for debt service on the
Bonds to be less than 1.2 times the maximum aggregate amount of debt service on the Bonds for each Fiscal Year of the Corporation.

(Resolution, Section 909)

Additional Obligations

The Corporation reserves the right to issue its obligations under a separate resolution so long as the same are not entitled to a prior or equal lien with respect to the moneys pledged under the Resolution or with respect to proceeds from the Per Capita Aid, the Sales Tax or the Stock Transfer Tax.

(Resolution, Section 204)

Events of Default

The Resolution provides that it shall constitute an “event of default” if:

(a) the Corporation shall default in the payment of the principal of any Bond when due; or

(b) the Corporation shall default in the payment of interest on any of the Bonds and such default shall continue for a period of 30 days; or

(c) the Corporation shall fail or refuse to comply with the provisions of the Act relating to the certification of its quarterly requirements, or the State Comptroller shall fail to pay to the Corporation any amount or amounts as shall be certified by the Chairman of the Corporation pursuant to such provisions of the Act; or

(d) the Corporation shall fail or refuse to comply with the provisions of the Act relating to the certification of the amount required to maintain the Capital Reserve Fund at the Capital Reserve Fund Requirement, or the State shall fail to appropriate and pay to the Corporation any amount or amounts as shall be certified by the Chairman pursuant to such provisions of the Act; or

(e) the Corporation shall fail or refuse to comply with the provisions of the Act, other than as provided in (c) or (d) above, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Resolution, any Series Resolution, any Supplemental Resolution, or in the Bonds, and such failure, refusal or default shall continue for a period of 45 days after written notice thereof by the holders of not less than 5% in principal amount of the Outstanding Bonds; or

(f) the State shall for any reason fail or refuse to continue the imposition of either the Sales Tax imposed by the Tax Law as the same may be from time to time amended or the Stock Transfer Tax imposed by such Law as the same may be from time to time amended or if the rates of such taxes shall be reduced to rates less than those in effect on July 2, 1975; or

(g) the State shall fail to maintain the existence of either the special account in the Municipal Assistance Tax Fund or the Stock Transfer Tax Fund; or

(h) the State shall for any reason fail or refuse to apportion and pay Per Capita Aid or shall fail to maintain the State Aid Fund and the Special Aid Account therein or shall reduce the amount of Per Capita Aid payable during the current Fiscal Year to an amount less than the maximum amount of principal of and interest on the Outstanding Bonds maturing or otherwise coming due in the current or any future Fiscal Year.

(Resolution, Section 1202)

Remedies

The Resolution vests the Trustee with all rights, powers and duties of a trustee appointed by Bondholders pursuant to the Act.

(Resolution, Section 1201)
Upon the happening and continuance of any event of default specified in paragraph (a) or (b) of Section 1202 of the Resolution, the Trustee shall proceed, or upon the happening and continuance of any event of default specified in paragraph (c), (d), (e), (f), (g) or (h) of said Section, the Trustee may proceed, and upon the written request of the holders of not less than 25% in principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such one or more of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders and to require the Corporation to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the holders of the Bonds;

(d) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds; or

(e) in accordance with the provisions of the Act (including the requirement of 30 days notice to the Governor, the Corporation and the Attorney General of the State) to declare all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the holders of not less than 25% in principal amount of the Outstanding Bonds, to annul such declaration and its consequences.

In the enforcement of any remedy under the Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due under any provision of the Resolution or a Series Resolution or of the Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder, without prejudice to any other right or remedy of the Trustee or of the Bondholders.

(Resolution, Section 1203)

Series Resolutions and Supplemental Resolutions

The Corporation may adopt (without the consent of any Bondholders) a Series Resolution or Supplemental Resolution not inconsistent with the Resolution, to provide for the issuance of a Series of Bonds and specify the terms thereof; to add additional covenants and agreements for the purpose of further securing the payment of the Bonds; to prescribe further limitations and restrictions on the issuance of Bonds; to surrender any right, power, or privilege reserved to the Corporation; and, with the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution.

(Resolution, Section 1001)

Any of the provisions of the Resolution may be amended by a Supplemental Resolution with the written consent of the holders of at least 66 2/3% in principal amount in each case of (a) all Bonds then Outstanding, and (b) if less than all the Series of Bonds then Outstanding are affected, the Bonds of each affected Series; excluding, in each case, from such consent, and from the Outstanding Bonds, the Bonds of any specific Series and maturity, if such amendment by its terms will not take effect so long as any such Bonds remain Outstanding; provided that any such amendment shall not permit a change in the terms of redemption or maturity of the principal of or any installment of interest on any such Bond or make any reduction in principal, Redemption Price, or interest without the consent of the affected holder, or reduce the percentages of consents required for a further amendment.

(Resolution, Section 1101)

Amendments may be made in any respect with the written consent of the holders of all of the Bonds then Outstanding.

(Resolution, Section 1103)
Investment of Funds

The Corporation may direct the Trustee to invest moneys in the Bond Service Fund and the Capital Reserve Fund in (a) direct obligations of the United States of America, direct obligations of the State or obligations the principal and interest of which are guaranteed by the United States of America or the State, (b) any obligation issued by certain Federal agencies, (c) any other obligation of the United States of America or any Federal agencies which may then be purchased with funds belonging to the State of New York or held in the State Treasury, (d) interest-bearing time deposits, and (e) repurchase agreements covering obligations of issuers enumerated as aforesaid.

The Trustee shall not be liable or responsible for the making of any authorized investment made in the manner provided in the Resolution or for any loss resulting therefrom.

(Resolution, Sections 702 and 703)

Defeasance

1. If the Corporation shall pay or cause to be paid to the holders of all Bonds and coupons then Outstanding, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the covenants, agreements and other obligations of the Corporation to the Bondholders shall be discharged and satisfied.

2. Bonds or coupons or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee or any Paying Agent (through deposit by the Corporation of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and, with the effect expressed in paragraph 1 above. All Outstanding Bonds of any Series and all coupons appertaining to such Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in such paragraph 1 above if (a) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or direct obligations of the United States of America the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay, when due, the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (b), the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to publish a notice to the effect and in accordance with the procedures provided in the Resolution. Neither direct obligations of the United States of America or moneys deposited with the Trustee nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds.

(Resolution, Section 1401)

PART 15—TRUSTEE

United States Trust Company of New York (the “Trust Company”) is the Trustee under the Second General Bond Resolution. Its principal offices are located at 45 Wall Street, New York, New York 10005. The Trustee has accepted the duties and responsibilities imposed upon it by the First and Second General Bond Resolutions and is vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to the Act. Upon the happening of an “event of default” as defined in the Second General Bond Resolution, the Trustee may, and in certain circumstances is required to, proceed to protect and enforce its rights and the rights of the Bondholders. See “PART 14—SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION.” In the performance of its duties, the Trustee is entitled to indemnification for any act which would involve it in expense or liability and will not be liable as a result of any action taken in connection with the performance of its duties except for its own negligence or default. The Trustee is protected in acting upon any direction or document believed by it to be genuine and to be signed by the proper party or parties or upon the opinion or advice of counsel. The Trustee may resign at any time upon 60 days written notice to the Corporation and publication thereof.
Any such resignation shall take effect on the day specified in the notice, but in the event that a successor has been appointed, the resignation shall take effect immediately.

As of the date hereof, the Trust Company, which is a party to the Financing Agreement, owns $6.633 million of First Resolution obligations and $8.405 million of Second Resolution Bonds for its own account. The Trust Company also acts as trustee under the First General Bond Resolution and has performed, and may in the future perform, certain banking services for the Corporation, including acting as Warrant Agent for the Warrants.

**PART 16—LEGAL INVESTMENT**

The Second Resolution Bonds are legal investments, under present provisions of State law, for all public officers and bodies of the State and political subdivisions of the State and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks, and savings associations, including Savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the State. Pursuant to the Act, the Second Resolution Bonds may be deposited with, and may be received by, all public officers and bodies of the State and all political subdivisions thereof and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

**PART 17—TAX EXEMPTION**

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Series 27 Bonds is exempt from Federal income taxes, and shall at all times be free from State and City income taxes.

**PART 18—LEGAL OPINIONS**

All legal matters incident to the authorization, sale and delivery of the Series 27 Bonds and the Warrants are subject to the approval of Hawkins, Delafield & Wood, New York, New York, Bond Counsel to the Corporation. The approving opinion of Bond Counsel with respect to the Series 27 Bonds will be in substantially the form attached to this Official Statement as Exhibit B. Bond Counsel's approving opinion with respect to the Warrants will be in substantially the form attached to this Official Statement as Exhibit C and will accompany the Warrants upon their delivery. Certain legal matters, including the accuracy and completeness of this Official Statement, will be passed on for the Corporation by its General Counsel, Paul, Weiss, Rifkind, Wharton & Garrison, New York, New York. Carter, Ledyard & Milburn, New York, New York, have acted as counsel for the Trustee.

Certain matters will be passed upon for the Underwriters by their counsel, White & Case, New York, New York.

**PART 19—UNDERWRITING**

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the Series 27 Bonds and the Warrants from the Corporation at a discount equal to 2.625% from the initial public offering price. The Underwriters may offer to sell such Series 27 Bonds with Warrants to certain dealers and others at a price lower than the initial public offering price and the public offering price may be changed from time to time by the Underwriters. The Corporation has agreed to indemnify the Underwriters against certain liabilities.

Commercial banks, some of which are Underwriters, hold substantial amounts of bonds of the Corporation and the City, and such banks may, from time to time during and after the time when the Series 27 Bonds with Warrants are being offered to the public, purchase and sell bonds of the Corporation and the City for their own respective accounts or for the accounts of others.
PART 20—FINANCIAL STATEMENTS

The audited financial statements of the Corporation as of June 30, 1980 and the accompanying report thereon by Price Waterhouse & Co., the Corporation's independent accountants, and the unaudited financial statements of the Corporation for the three months ended September 30, 1980 are annexed hereto as Exhibit A. These statements reflect transactions through the respective dates for which they were prepared and, accordingly, do not give effect to (i) the issuance of $300 million of Series 25 and 26 Bonds on October 2, 1980, (ii) the payment on October 10, 1980 of $70 million of Sales Tax revenues from the Municipal Assistance Tax Fund for Second General Bond Resolution purposes, and (iii) the payment on January 12, 1981 of $65 million of Sales Tax revenues from the Municipal Assistance Tax Fund for Second General Bond Resolution purposes. The exhibits, however, do give effect to items (i) and (ii).

Lazard Frères & Co. is acting without compensation as financial advisor to the Corporation. Felix G. Rohatyn, Chairman of the Corporation, is a General Partner of such firm, and Eugene J. Keilin, a Director of the Corporation, is a Senior Vice President of such firm.

The references herein to the Act, the Emergency Act, the Tax Law, the Finance Law, the Agreements, the First and Second General Bond Resolutions and Series Resolutions promulgated thereunder, the Warrants and the Warrant Agreement are summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to such Acts, Laws, Agreements, Resolutions and Warrants for full and complete statements of such provisions. Copies of such Acts, Laws, Agreements, Resolutions and Warrants are available at the office of the Corporation.

The delivery of this Official Statement has been duly authorized by the Corporation.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

By HEATHER L. RUTH
Executive Director
APPENDIX

Definitions

The following are definitions of certain of the terms used in this Official Statement.

Act—New York State Municipal Assistance Corporation Act and the Municipal Assistance Corporation For The City of New York Act, each as amended to date (Sections 3001 through 3040 of the State Public Authorities Law).

Agreements—Financing Agreement and the agreements relating to the issuance of bonds by the City guaranteed by the United States of America.

Board—Board of Directors of the Corporation.

Bond Service Fund—the bond service fund established under the Second General Bond Resolution and held by the Trustee.

Capital Reserve Aid Fund—the capital reserve fund established under the Second General Bond Resolution and held by the Trustee.

Capital Reserve Fund—the capital reserve fund established under the First General Bond Resolution and held by the Trustee.

City Pension Funds—various City employee pension funds which are parties to the Financing Agreement and participants in the Debt Issuance Plan.

Control Board—New York State Financial Control Board which was created in September 1975 pursuant to the Emergency Act.

Corporation—Municipal Assistance Corporation For The City of New York.

Debt Issuance Plan—the financing plan calling for the issuance of bonds and notes of the Corporation and the City.

Emergency Act—the New York State Financial Emergency Act for the City of New York, as amended to date.

Financial Institutions—Various commercial banks, savings banks, and insurance companies which are parties to the Financing Agreement and participants in the Debt Issuance Plan.

Financing Agreement—an agreement dated as of November 15, 1978 among the Corporation, the Financial Institutions and the City Pension Funds.


First General Bond Resolution—the General Bond Resolution of the Corporation dated July 2, 1975, as amended and supplemented.

First Resolution Obligations—Bonds, Notes or Other Obligations (each as defined in the First General Bond Resolution) that are or may be issued pursuant to the First General Bond Resolution.

Fiscal Year—for the Corporation and the City, the 12 months ended June 30; for the State, the 12 months ended March 31.

Guarantee Fund—fund created in connection with the guarantee of bonds of the City by the United States of America, which, prior to the issuance of any Federal guarantees, must contain an amount equal to five percent of the sum of the principal of and one year's interest on the outstanding and then to be issued bonds of the City.
APPENDIX—(Continued)

Municipal Assistance State Aid Fund—a fund established for the Corporation pursuant to the Finance Law and in the custody of the State Comptroller into which Per Capita Aid is paid.

Municipal Assistance Tax Fund—a fund established for the Corporation pursuant to the Finance Law and in the custody of the State Comptroller into which Sales Tax and, if necessary, Stock Transfer Tax is paid.

1978 State Covenant—a covenant of the State that it will not take certain actions with respect to the Control Board.

Per Capita Aid—amounts of revenue available to the Corporation (that otherwise would have been payable to the City) from the General Fund of the State as per capita State aid pursuant to Section 54 of the Finance Law.

Sales Tax—collections of the State sales and compensating use taxes formerly imposed by the City, and now imposed by the State within the City.

Second General Bond Resolution—the second general bond resolution of the Corporation adopted November 25, 1975, as amended and supplemented.

Second Resolution Bonds—bonds that are or may be issued pursuant to the Second General Bond Resolution.

Secretary—the Secretary of the Treasury of the United States.

Series 27 Bonds—the Bonds described in this Official Statement which will be available for delivery on or about February 5, 1981.

Series 27 Resolution—the Series Resolution of the Corporation authorizing the Series 27 Bonds.

Series 28 Bonds—the Bonds described in this Official Statement which will be issued upon exercise of the Warrants.

Series 28 Resolution—the Series Resolution of the Corporation authorizing the Series 28 Bonds.

Stock Transfer Tax—collections of the State stock transfer tax.

Stock Transfer Tax Fund—the fund established for the Corporation pursuant to the Finance Law in the custody of the Commissioner of Taxation and Finance into which the Stock Transfer Tax is paid.

Tax Law—the State Tax Law of New York.

Trustee—United States Trust Company of New York, as Trustee under the Second General Bond Resolution.

Warrants—the Warrants described in this Official Statement.

Warrant Agreement—the Agreement to be dated as of February 1, 1981 between the Corporation and United States Trust Company of New York, as Warrant Agent, pursuant to which the Warrants will be issued.

Warrant Resolution—the Resolution of the Corporation authorizing the Warrant Agreement and the issuance of the Warrants thereunder.
REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
Municipal Assistance Corporation
For The City of New York

In our opinion, the accompanying Statement of Financial Position and the related Debt Service Fund, Capital Reserve Fund and Operating Fund Statements of Transactions present fairly the financial position of Municipal Assistance Corporation For The City of New York at June 30, 1980 and the Debt Service Fund, Capital Reserve Fund and Operating Fund transactions for the year then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

153 East 53rd Street
New York, N.Y. 10022
July 28, 1980

Price Waterhouse & Co.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th></th>
<th>June 30, 1980</th>
<th></th>
<th>September 30, 1980 (Unaudited)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Debt Service Fund</td>
<td>Operating Fund</td>
<td>Debt Service Fund</td>
<td>Operating Fund</td>
</tr>
<tr>
<td>LIABILITIES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First General Resolution Bonds</td>
<td>$2,394,923,000</td>
<td></td>
<td>$2,394,923,000</td>
<td></td>
</tr>
<tr>
<td>Second General Resolution Bonds</td>
<td>3,721,275,000</td>
<td></td>
<td>3,821,275,000</td>
<td></td>
</tr>
<tr>
<td>Total Bonds Payable</td>
<td>6,116,198,000</td>
<td></td>
<td>6,216,198,000</td>
<td></td>
</tr>
<tr>
<td>Accrued interest on bonds payable</td>
<td>77,781,063</td>
<td></td>
<td>109,470,378</td>
<td></td>
</tr>
<tr>
<td>Required Guaranty Fund balance</td>
<td>40,594,019</td>
<td></td>
<td>39,904,333</td>
<td></td>
</tr>
<tr>
<td>Accrued expenses</td>
<td></td>
<td>$1,382,738</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>6,234,573,082</td>
<td>1,382,738</td>
<td>6,365,572,711</td>
<td>1,943,113</td>
</tr>
<tr>
<td>ASSETS:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>2,547</td>
<td>2,786</td>
<td></td>
<td>4,178</td>
</tr>
<tr>
<td>Investments in marketable securities</td>
<td>205,628,000</td>
<td>7,101,000</td>
<td>316,642,600</td>
<td>6,338,000</td>
</tr>
<tr>
<td>Accrued interest on marketable securities</td>
<td></td>
<td></td>
<td>225,000</td>
<td></td>
</tr>
<tr>
<td>Capital Reserve Fund assets</td>
<td>681,967,232</td>
<td></td>
<td>711,665,643</td>
<td></td>
</tr>
<tr>
<td>Guaranty Fund assets</td>
<td>43,846,626</td>
<td></td>
<td>44,927,976</td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>931,444,405</td>
<td>7,103,786</td>
<td>1,073,465,397</td>
<td>6,360,679</td>
</tr>
<tr>
<td>Funding requirements</td>
<td>$5,303,128,677</td>
<td>($5,721,048)</td>
<td>$5,292,107,314</td>
<td>($4,417,566)</td>
</tr>
</tbody>
</table>

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MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

DEBT SERVICE AND CAPITAL RESERVE FUND

STATEMENT OF TRANSACTIONS

<table>
<thead>
<tr>
<th>For the fiscal year ended June 30, 1980</th>
<th>For the three months ended September 30, 1980</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Unaudited)</td>
<td></td>
</tr>
<tr>
<td><strong>Debt Service Fund</strong></td>
<td><strong>Capital Reserve Fund</strong></td>
</tr>
<tr>
<td>Principal amount of bonds issued</td>
<td>$ 948,505,000</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
</tr>
<tr>
<td>Discount on bonds issued</td>
<td>$ 7,330,113</td>
</tr>
<tr>
<td>Bonds issued in exchange for First General Resolution Bonds</td>
<td>$ 64,270,000</td>
</tr>
<tr>
<td>Net proceeds from issuance of bonds</td>
<td>$ 876,904,887</td>
</tr>
<tr>
<td>Transfer to Capital Reserve Fund</td>
<td>($78,900,000)</td>
</tr>
<tr>
<td>Sales tax allocations received from the State of New York</td>
<td>$ 258,400,000</td>
</tr>
<tr>
<td>Per capita aid received from the State of New York</td>
<td>$ 81,500,000</td>
</tr>
<tr>
<td>Accrued interest received on issuance of bonds</td>
<td>$ 4,058,016</td>
</tr>
<tr>
<td>Income from investments</td>
<td>$ 35,853,963</td>
</tr>
<tr>
<td>Income from obligations of The City of New York</td>
<td>$ 213,008,011</td>
</tr>
<tr>
<td><strong>Total receipts</strong></td>
<td>$ 1,390,824,877</td>
</tr>
<tr>
<td></td>
<td>130,564,889</td>
</tr>
</tbody>
</table>

| **Expenditures:**                      |                                              |
| Disbursements to The City of New York  | $ 151,708,900                               |
| Guaranty Fund requirement              | $ 18,757,769                                |
| Deposit for defensance                 | $ 619,392,987                               |
| **Debt Service:**                     |                                              |
| Interest on First General Resolution Bonds | $ 214,264,053 | $ 46,668,638 |
| Interest on Second General Resolution Bonds | $ 286,265,085 | $ 78,357,952 |
| Principal repayment of First General Resolution Bonds | $ 35,090,000 | |
| Principal repayment of Second General Resolution Bonds | $ 65,645,000 | |
| Less: Discount on purchases            | ($4,958,452)                                |
| **Net cost**                           | $ 60,868,548                                |
| **Total debt service**                 | $ 596,305,686                               |
| **Total expenditures**                 | $ 1,386,165,342                             |
|                                        | 125,026,590                                 |
|                                        | 124,336,904                                 |

| **Excess of receipts over expenditures:** |                                              |
| For the period                          | $ 4,659,535                                 |
| Total                                   | $ 135,224,424                               |
| Net increase in debt outstanding        | $ 81,322,952                                |
| **Funding requirement:**                |                                              |
| Increase (Decrease) for the period      | $ 55,880,576                                |
| At beginning of period                   | $ 5,247,248,101                             |
| At end of period                         | $ 5,303,128,677                             |

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MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
OPERATING FUND
STATEMENT OF TRANSACTIONS

<table>
<thead>
<tr>
<th></th>
<th>For the fiscal year ended June 30, 1980</th>
<th>For the three months ended September 30, 1980</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal Assistance Tax Fund</td>
<td>$ 2,072,116</td>
<td></td>
</tr>
<tr>
<td>Income from investments</td>
<td>874,851</td>
<td>163,813</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,946,967</td>
<td>163,813</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt issuance and service:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing and public notices</td>
<td>418,965</td>
<td>155,220</td>
</tr>
<tr>
<td>Legal services</td>
<td>428,474</td>
<td>108,735</td>
</tr>
<tr>
<td>Trustee and related services</td>
<td>646,001</td>
<td>179,915</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,493,440</td>
<td>443,870</td>
</tr>
<tr>
<td>Oversight functions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office of Special Deputy Comptroller</td>
<td>1,753,446</td>
<td>428,654</td>
</tr>
<tr>
<td>Financial Control Board</td>
<td>969,375</td>
<td>260,703</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,722,821</td>
<td>689,357</td>
</tr>
<tr>
<td>General and administration:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel services—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>554,182</td>
<td>123,341</td>
</tr>
<tr>
<td>Other personnel services</td>
<td>108,660</td>
<td>51,073</td>
</tr>
<tr>
<td>Office rental</td>
<td>91,650</td>
<td>20,485</td>
</tr>
<tr>
<td>Data processing services</td>
<td>124,566</td>
<td>36,598</td>
</tr>
<tr>
<td>Printing and distribution</td>
<td>86,897</td>
<td>54,536</td>
</tr>
<tr>
<td>Accountancy services</td>
<td>60,940</td>
<td>29,988</td>
</tr>
<tr>
<td>General office expenses</td>
<td>43,157</td>
<td>9,227</td>
</tr>
<tr>
<td>Communications</td>
<td>25,940</td>
<td>5,909</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>16,606</td>
<td>2,911</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,112,598</td>
<td>334,068</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>5,328,859</td>
<td>1,467,295</td>
</tr>
<tr>
<td>Excess (deficiency) of receipts over expenditures:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>For the period</td>
<td>(2,381,892)</td>
<td>(1,303,482)</td>
</tr>
<tr>
<td>At beginning of period</td>
<td>8,102,940</td>
<td>5,721,048</td>
</tr>
<tr>
<td>At end of period</td>
<td>$ 5,721,048</td>
<td>$ 4,417,566</td>
</tr>
</tbody>
</table>
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS

(All data relating to September 30, 1980 and the period then ended are unaudited.)

Note 1—Organization and Functions of the Corporation:

Municipal Assistance Corporation For The City of New York (the “Corporation”) is a corporate governmental agency and instrumentality of the State of New York (the “State”) constituting a public benefit corporation. The Corporation was created by State legislation adopted in June 1975 (as amended to date, the “Act”) for purposes of providing financing assistance and fiscal oversight for The City of New York (the “City”). To carry out such purposes, the Corporation, among other things, issues and sells bonds and notes to pay or loan funds received from such sales to the City and exchanges the Corporation’s obligations for those of the City.

Note 2—Summary of Significant Accounting Policies:

The Debt Service Fund follows the modified accrual basis of accounting. Receipts from tax allocations are recorded as received and disbursements to the City are recorded as made. Interest income from investments and interest expense on the Corporation’s debt are recorded on the accrual basis. The Corporation’s debt is recorded at the principal amount of the obligations outstanding. Original issue discounts are charged to the Debt Service Fund as incurred and become part of funding requirements. Amounts required for the payment of debt service due on July 1 and January 1 are accounted for as if paid on the immediately preceding June 30 and December 31, respectively, by which dates such amounts are segregated for that purpose by the Trustee under the bond resolutions. The funding requirements of the Corporation reported in the Statement of Financial Position do not include future interest requirements.

The Operating Fund provides for the expenses of carrying out the Corporation’s duties and functions and is funded from the Municipal Assistance Tax Fund. The Operating Fund accounts have been prepared on the accrual basis of accounting. The Corporation’s administrative expenses of debt issuance and service are charged to the Operating Fund as incurred.

The Statement of Financial Position gives no recognition to obligations of the City held by the Corporation as described in Note 7. Interest payments and principal redemptions on such obligations are recorded as received.

Note 3—Bonds of the Corporation; Authorization, Funding, Payment and Refunded Bonds:

Debt Authorization: The Corporation is authorized by the Act to issue obligations in an aggregate principal amount of $10 billion, exclusive of obligations issued to refund outstanding obligations of the Corporation and of notes issued to enable the City to fulfill its seasonal borrowing requirements. Pursuant to the Act, new obligations of the Corporation may not mature later than July 1, 2008 and no new obligation may be issued after December 31, 1984 except to renew or refund outstanding obligations. The Corporation may issue such obligations provided their issuance would not cause certain debt service limitations and debt service coverage ratios to be exceeded.

Funding Methods: The Corporation funds its debt service requirements and operating expenses from the State’s collection of sales tax imposed by the State within the City at the rates formerly imposed by the City, the stock transfer tax and certain per capita aid, subject in each case to appropriation by the State Legislature. Net collections of such taxes and per capita aid not required by the Corporation are available to the City.

All outstanding bonds are general obligations of the Corporation. The Corporation has no taxing power. The bonds are entitled to liens, created by pledges under the respective resolutions, on moneys paid into the Debt Service and Capital Reserve Funds.
Debt service for obligations issued under the First General Bond Resolution is payable from funds paid into the Debt Service Fund from the State’s Municipal Assistance Tax Fund, which is funded from revenues collected, less the State’s charges for collection and administration, from the sales tax and, if necessary, the stock transfer tax. The net revenues from such sales and stock transfer taxes which were collected by the State during the 12 months ended June 30, 1980 and September 30, 1980 amounted to $1,598 million and $1,675.9 million, respectively. Payments made to the Corporation from the Municipal Assistance Tax Fund are to be made quarterly and at such other times as the Corporation requests.

Debt service for obligations issued under the Second General Bond Resolution is payable from two sources: funds paid annually into the Debt Service Fund from the Municipal Assistance State Aid Fund, which is funded from per capita aid otherwise payable by the State to the City, and, after satisfying the debt service requirements for obligations issued under the First General Bond Resolution as described above, funds paid quarterly from the Municipal Assistance Tax Fund. Per capita aid is subject to prior claims asserted by certain other State or City entities; however, no such claims have been asserted since the inception of the Corporation. Total per capita aid paid into the Municipal Assistance State Aid Fund during the 12 months ended June 30, 1980 and September 30, 1980 amounted to $484 million.

To the extent that funds are available from investment income and other sources they may be used to reduce the Corporation’s funding requirements.

The Corporation certified to and was paid on October 10, 1980, $70 million of sales tax revenues from the Municipal Assistance Tax Fund for Second General Bond Resolution purposes.

**Payment Dates:** Principal payments at maturity or mandatory sinking fund calls are made February 1 and interest is paid semiannually on February 1 and August 1 for bonds outstanding under the First General Bond Resolution. Principal payments at maturity or mandatory sinking fund calls are made July 1 and interest is paid semiannually on July 1 and January 1 for bonds outstanding under the Second General Bond Resolution. The Corporation may from time to time purchase at a price equal to or less than par certain of its securities to satisfy its sinking fund requirements.

**Refunded Bonds:** The Corporation’s bonds may be refunded in advance of their maturity in accordance with provisions of the First and Second General Bond Resolutions by placing in trust with the Trustee sufficient moneys or certain securities which together with investment income will be sufficient to pay principal and interest when due on the bonds which have been refunded. During the year ended June 30, 1980 the Corporation issued $706.1 million of bonds to advance refund or in exchange for $656.7 million of previously issued bonds. Although they remain valid debt instruments with regard to principal and interest payable thereon from the moneys or securities placed in trust, advance refunded bonds are deemed to have been paid within the meaning of the First and Second General Bond Resolutions and are therefore no longer presented as liabilities of the Corporation. At June 30, 1980 and at September 30, 1980, approximately $709.5 million of the Corporation’s bonds which have been advance refunded remain valid debt instruments.

**Note 4—Capital Reserve Fund:**

The Act provides for the establishment of a Capital Reserve Fund to provide security for payment of interest on and principal of the Corporation’s bonds. The amount required to be on deposit in the Capital Reserve Fund is a fixed percentage of principal (including sinking fund installments) and interest maturing or otherwise due or becoming due on outstanding bonds during a calendar year. For 1980, the percentage is 100% of such year’s requirements. Following 1980, the percentage is 100% of the succeeding year’s requirements.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS—(Continued)

(All data relating to September 30, 1980 and the period then ended are unaudited.)

The Capital Reserve Fund balance at June 30, 1980 of $682.0 million comprised $296.9 million relating to First General Resolution Bonds and $385.1 million relating to Second General Resolution Bonds. The Capital Reserve Fund balance at September 30, 1980 of $711.7 million comprised $303.2 million relating to First General Resolution Bonds and $408.5 million relating to Second General Resolution Bonds.

The Capital Reserve Fund may be invested only in direct obligations of, or obligations guaranteed by, the State or the United States of America, or in certain other permitted investments. At June 30, 1980 the Fund comprised $668.2 million of such investments and $13.8 million of accrued interest. At September 30, 1980 the Fund comprised $694.9 million of such investments and $16.8 million of accrued interest. Investments in the Capital Reserve Fund are recorded at amortized cost, which exceeded market value by approximately $37.5 million at June 30, 1980 and approximately $82.4 million at September 30, 1980.

Note 5—Guaranty Fund:

In connection with the issuance by the City of Federally guaranteed obligations, a Guaranty Fund has been established by the Corporation. The moneys on deposit in the Guaranty Fund, up to a specified amount, are available for the benefit of the United States of America in the event the City is unable to meet debt service requirements on certain City obligations for which the payment of principal and interest is guaranteed by the United States of America. Such specified amount is presented as a liability of the Corporation. To the extent moneys on deposit in the Guaranty Fund exceed the amount required, the Corporation is entitled to withdraw such excess from the Guaranty Fund and the United States of America has no further claim on such moneys. At September 30, 1980, no claim had been asserted. Moneys on deposit in the Guaranty Fund are invested in direct obligations of the United States of America. On October 2, 1980, the City issued $300 million of guaranteed City obligations, increasing the Required Guaranty Fund balance by $16,732,500. Such transaction is not reflected in the accompanying statements.

Note 6—Investments in Marketable Securities:

Debt service funds paid to the Corporation in advance of disbursement to bondholders are temporarily invested pursuant to the terms of the bond resolutions and the income therefrom is credited to the Debt Service Fund. Proceeds of debt issues may also be temporarily invested. Such funds may be invested as described in Note 4 and are carried at cost which approximates market value.

Note 7—New York City Obligations Held by the Corporation:

The Corporation has acquired certain obligations of the City as a result of various exchanges and payments to the City. At June 30, 1980 the Corporation held an aggregate of approximately $589 million principal amount of City bonds and approximately $225 million principal amount of notes of the City of which $149 million are subject to cancellation without payment of principal. At September 30, 1980, the Corporation held an aggregate of approximately $502 million principal amount of City bonds and approximately $223.8 million principal amount of notes of the City of which $147.2 million are subject to cancellation without payment of principal.

During the year ended June 30, 1980, the Corporation received $213.0 million, comprising $145.9 million of principal and $67.1 million of interest on certain City bond anticipation notes and bonds held by the Corporation pursuant to agreements with the City. During the quarter ended September 30, 1980, the Corporation received $116.2 million, comprising $86.7 million of principal and $29.5 million of interest on such obligations.

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MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS—(Continued)

(All data relating to September 30, 1980 and the period then ended are unaudited.)

Amounts received as payment on City obligations have the effect of reducing the amounts to be
funded from the Corporation's other sources. The Corporation, in making its certification for funds, is
required to exclude from consideration any amount it expects to receive as payment on City obligations
until such amounts are received. Accordingly, the City obligations held have not been included in the
accompanying Statement of Financial Position.

Note 8—Commitments:

The Corporation, together with the City, has developed a four-year debt issuance plan to provide
for the City's long-term financing requirements through 1982. Under the plan, the Corporation is
expected to have issued approximately $1.8 billion of its bonds pursuant to an agreement among the
Corporation, various commercial banks, savings banks, insurance companies and New York City Pension
Funds, during fiscal years 1979 through 1982. Proceeds from these sales are expected to provide for a
significant portion of the City's long-term financing requirements during the four-year period. The
Corporation has issued a total of $938 million of its Second General Resolution Bonds pursuant to the
agreement.

On October 2, 1980, the Corporation issued its Second General Resolution Series 25 and Series 26
Bonds in aggregate principal amounts of $174.7 million and $125.3 million, respectively. The Statement
of Financial Position and Statement of Transactions do not give effect to such issuance although the
exhibits do.

To avoid duplication of efforts, the Corporation has agreed to reimburse the New York State Office
of the Special Deputy Comptroller for the City of New York and the Financial Control Board for the cost
of providing certain oversight services of the City's financial affairs.
### EXHIBIT 1

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

**Bonds Outstanding**

*(In thousands)*

<table>
<thead>
<tr>
<th>Series</th>
<th>Redemption date</th>
<th>Interest rate</th>
<th>June 30, 1980</th>
<th>September 30, 1980</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First General Resolution Bonds:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>February 1:</td>
<td>11%</td>
<td>$1,090</td>
<td>$1,090 (Unaudited)</td>
</tr>
<tr>
<td>BB</td>
<td>1981-1986</td>
<td>6%</td>
<td>87,845</td>
<td>87,845</td>
</tr>
<tr>
<td>CC</td>
<td>1984-1993</td>
<td>10.25%</td>
<td>256,250</td>
<td>256,250</td>
</tr>
<tr>
<td>EE</td>
<td>1991-1995</td>
<td>7.5%</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>PF</td>
<td>1986</td>
<td>7.5%</td>
<td>53,475</td>
<td>53,475</td>
</tr>
<tr>
<td>GG</td>
<td>1987</td>
<td>8%</td>
<td>70,200</td>
<td>70,200</td>
</tr>
<tr>
<td>HH</td>
<td>1988-1995</td>
<td>7.5%</td>
<td>1,414,738</td>
<td>1,414,738</td>
</tr>
<tr>
<td>II</td>
<td>1987</td>
<td>7.5%</td>
<td>11,170</td>
<td>11,170</td>
</tr>
<tr>
<td>JJ</td>
<td>1982-1995</td>
<td>7.25%-8.25%</td>
<td>250,155</td>
<td>250,155</td>
</tr>
<tr>
<td><strong>Total First Resolution</strong></td>
<td></td>
<td></td>
<td>2,394,923</td>
<td>2,394,923</td>
</tr>
<tr>
<td><strong>Second General Resolution Bonds:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>July 1:</td>
<td>8%</td>
<td>62,260</td>
<td>62,260</td>
</tr>
<tr>
<td>2</td>
<td>1981-1986</td>
<td>8%</td>
<td>132,690</td>
<td>132,690</td>
</tr>
<tr>
<td>3</td>
<td>1981-1986</td>
<td>8%</td>
<td>54,475</td>
<td>54,475</td>
</tr>
<tr>
<td>4</td>
<td>1981-1986</td>
<td>8%</td>
<td>67,805</td>
<td>67,805</td>
</tr>
<tr>
<td>5</td>
<td>1982-1991</td>
<td>8%</td>
<td>139,860</td>
<td>139,860</td>
</tr>
<tr>
<td>6</td>
<td>1982-1991</td>
<td>8%</td>
<td>18,215</td>
<td>18,215</td>
</tr>
<tr>
<td>7</td>
<td>1983-1992</td>
<td>9.75%</td>
<td>403,283</td>
<td>403,283</td>
</tr>
<tr>
<td>8</td>
<td>1981-1992</td>
<td>7.5%</td>
<td>194,950</td>
<td>194,950</td>
</tr>
<tr>
<td>9</td>
<td>1981-1992</td>
<td>7.5%</td>
<td>798,230</td>
<td>798,230</td>
</tr>
<tr>
<td>10</td>
<td>1999-2008</td>
<td>8.375%</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>11</td>
<td>1985-1998</td>
<td>8.375%</td>
<td>139,525</td>
<td>139,525</td>
</tr>
<tr>
<td>12</td>
<td>1985-1998</td>
<td>7.85%-8.5%</td>
<td>60,375</td>
<td>60,375</td>
</tr>
<tr>
<td>13</td>
<td>1985-1999</td>
<td>8.1%-8.625%</td>
<td>201,100</td>
<td>201,100</td>
</tr>
<tr>
<td>14</td>
<td>1989-1999</td>
<td>8.1%-8.625%</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>15</td>
<td>1999-2008</td>
<td>8.125%</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>16</td>
<td>1993-1999</td>
<td>7.4%-7.625%</td>
<td>132,235</td>
<td>132,235</td>
</tr>
<tr>
<td>17</td>
<td>1983-1999</td>
<td>7.875%</td>
<td>103,095</td>
<td>103,095</td>
</tr>
<tr>
<td>18</td>
<td>1983-1999</td>
<td>7.875%</td>
<td>73,905</td>
<td>73,905</td>
</tr>
<tr>
<td>19</td>
<td>2000-2008</td>
<td>9%</td>
<td>90,000</td>
<td>90,000</td>
</tr>
<tr>
<td>20</td>
<td>2000-2008</td>
<td>8.5%</td>
<td>64,270</td>
<td>64,270</td>
</tr>
<tr>
<td>21</td>
<td>1984-1999</td>
<td>8.75%</td>
<td>209,680</td>
<td>209,680</td>
</tr>
<tr>
<td>22</td>
<td>1984-1999</td>
<td>8.75%</td>
<td>150,320</td>
<td>150,320</td>
</tr>
<tr>
<td>23</td>
<td>2000-2008</td>
<td>9.1%</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>24</td>
<td>1982-2008</td>
<td>6.5%-9.75%</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>25</td>
<td>1982-2000</td>
<td>10.75%</td>
<td>174,705</td>
<td>174,705</td>
</tr>
<tr>
<td>26</td>
<td>1982-2000</td>
<td>10.75%</td>
<td>125,295</td>
<td>125,295</td>
</tr>
<tr>
<td><strong>Total Second Resolution</strong></td>
<td></td>
<td></td>
<td>3,721,275</td>
<td>4,121,275</td>
</tr>
<tr>
<td><strong>Total bonds outstanding</strong></td>
<td></td>
<td></td>
<td>$6,116,198</td>
<td>$6,516,198</td>
</tr>
</tbody>
</table>
**EXHIBIT II**

**MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK**

**SUMMARY OF ANNUAL DEBT SERVICE FUNDING REQUIREMENTS**

*September 30, 1980 (Unaudited)*

(In thousands)

<table>
<thead>
<tr>
<th>For the fiscal year ended June 30,</th>
<th>Principal and interest requirements</th>
<th>Capital Reserve Fund Contributions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First General Bond Resolution</td>
<td>Second General Bond Resolution</td>
<td>Total</td>
</tr>
<tr>
<td>1981</td>
<td>$205,889</td>
<td>$418,885†</td>
<td>$624,774†</td>
</tr>
<tr>
<td>1982</td>
<td>231,786</td>
<td>438,472</td>
<td>670,258</td>
</tr>
<tr>
<td>1983</td>
<td>245,650</td>
<td>471,444</td>
<td>717,094</td>
</tr>
<tr>
<td>1984</td>
<td>260,447</td>
<td>501,696</td>
<td>762,143</td>
</tr>
<tr>
<td>1985</td>
<td>261,882</td>
<td>513,240</td>
<td>775,122</td>
</tr>
<tr>
<td>1986</td>
<td>246,116</td>
<td>512,531</td>
<td>758,647</td>
</tr>
<tr>
<td>1987</td>
<td>255,167</td>
<td>493,596</td>
<td>748,763</td>
</tr>
<tr>
<td>1988</td>
<td>309,639</td>
<td>476,694</td>
<td>786,333</td>
</tr>
<tr>
<td>1989</td>
<td>356,036</td>
<td>476,160</td>
<td>832,196</td>
</tr>
<tr>
<td>1990</td>
<td>352,770</td>
<td>470,722</td>
<td>823,492</td>
</tr>
<tr>
<td>1991</td>
<td>332,356</td>
<td>468,644</td>
<td>821,000</td>
</tr>
<tr>
<td>1992</td>
<td>352,201</td>
<td>472,374</td>
<td>824,575</td>
</tr>
<tr>
<td>1993</td>
<td>349,300</td>
<td>289,236</td>
<td>638,536</td>
</tr>
<tr>
<td>1994</td>
<td>350,962</td>
<td>305,201</td>
<td>656,163</td>
</tr>
<tr>
<td>1995</td>
<td>177,272</td>
<td>307,774</td>
<td>485,046</td>
</tr>
<tr>
<td>1996</td>
<td>255,149</td>
<td>255,149</td>
<td>(98,311)</td>
</tr>
<tr>
<td>1997</td>
<td>158,627</td>
<td>158,627</td>
<td>15,629</td>
</tr>
<tr>
<td>1998</td>
<td>155,986</td>
<td>155,986</td>
<td>155,986</td>
</tr>
<tr>
<td>1999</td>
<td>173,635</td>
<td>173,635</td>
<td>(51,512)</td>
</tr>
<tr>
<td>2000</td>
<td>122,959</td>
<td>122,959</td>
<td>(17,084)</td>
</tr>
<tr>
<td>2001</td>
<td>105,547</td>
<td>105,547</td>
<td>87</td>
</tr>
<tr>
<td>2002</td>
<td>106,095</td>
<td>106,095</td>
<td>103</td>
</tr>
<tr>
<td>2003</td>
<td>106,069</td>
<td>106,069</td>
<td>129</td>
</tr>
<tr>
<td>2004</td>
<td>106,049</td>
<td>106,049</td>
<td>146</td>
</tr>
<tr>
<td>2005</td>
<td>106,043</td>
<td>106,043</td>
<td>183</td>
</tr>
<tr>
<td>2006</td>
<td>106,042</td>
<td>106,042</td>
<td>208</td>
</tr>
<tr>
<td>2007</td>
<td>106,065</td>
<td>106,065</td>
<td>106,065</td>
</tr>
<tr>
<td>2008</td>
<td>106,098</td>
<td>106,098</td>
<td>(108,246)</td>
</tr>
</tbody>
</table>

Total $4,307,473 $8,331,033 $12,638,506 ($711,666) $11,926,840

† The fiscal year 1981 requirements represent the balance of funding required during the year giving effect to the receipt of moneys certified to and paid on October 10, 1980, and the issuance of the Series 25 and Series 26 Bonds.
EXHIBIT III

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
SUMMARY OF TOTAL ANNUAL DEBT SERVICE PAYMENT REQUIREMENTS
September 30, 1980
(Unaudited)
(In thousands)

<table>
<thead>
<tr>
<th>For the fiscal year ended June 30.</th>
<th>First General Bond Resolution</th>
<th>Second General Bond Resolution†</th>
<th>Total†</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>$105,928</td>
<td>$165,517</td>
<td>$271,445</td>
</tr>
<tr>
<td>1982</td>
<td>212,514</td>
<td>416,042</td>
<td>628,556</td>
</tr>
<tr>
<td>1983</td>
<td>251,058</td>
<td>436,544</td>
<td>687,602</td>
</tr>
<tr>
<td>1984</td>
<td>240,243</td>
<td>468,562</td>
<td>708,805</td>
</tr>
<tr>
<td>1985</td>
<td>280,652</td>
<td>497,812</td>
<td>778,464</td>
</tr>
<tr>
<td>1986</td>
<td>243,111</td>
<td>508,772</td>
<td>751,883</td>
</tr>
<tr>
<td>1987</td>
<td>249,121</td>
<td>507,692</td>
<td>756,813</td>
</tr>
<tr>
<td>1988</td>
<td>261,213</td>
<td>488,840</td>
<td>750,053</td>
</tr>
<tr>
<td>1989</td>
<td>358,065</td>
<td>471,952</td>
<td>830,017</td>
</tr>
<tr>
<td>1990</td>
<td>354,008</td>
<td>471,016</td>
<td>825,024</td>
</tr>
<tr>
<td>1991</td>
<td>351,531</td>
<td>465,251</td>
<td>816,782</td>
</tr>
<tr>
<td>1992</td>
<td>353,182</td>
<td>462,754</td>
<td>815,936</td>
</tr>
<tr>
<td>1993</td>
<td>351,219</td>
<td>465,974</td>
<td>817,193</td>
</tr>
<tr>
<td>1994</td>
<td>347,380</td>
<td>286,044</td>
<td>633,424</td>
</tr>
<tr>
<td>1995</td>
<td>354,543</td>
<td>301,282</td>
<td>655,825</td>
</tr>
<tr>
<td>1996</td>
<td></td>
<td>303,446</td>
<td>303,446</td>
</tr>
<tr>
<td>1997</td>
<td></td>
<td>251,630</td>
<td>251,630</td>
</tr>
<tr>
<td>1998</td>
<td></td>
<td>156,896</td>
<td>156,896</td>
</tr>
<tr>
<td>1999</td>
<td></td>
<td>154,167</td>
<td>154,167</td>
</tr>
<tr>
<td>2000</td>
<td></td>
<td>171,285</td>
<td>171,285</td>
</tr>
<tr>
<td>2001</td>
<td></td>
<td>121,444</td>
<td>121,444</td>
</tr>
<tr>
<td>2002</td>
<td></td>
<td>104,369</td>
<td>104,369</td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td>104,801</td>
<td>104,801</td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td>104,661</td>
<td>104,661</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td>104,517</td>
<td>104,517</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td>104,377</td>
<td>104,377</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td>104,229</td>
<td>104,229</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td>104,092</td>
<td>104,092</td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td>103,950</td>
<td>103,950</td>
</tr>
<tr>
<td>Total</td>
<td>$4,313,768</td>
<td>$8,407,918</td>
<td>$12,721,686</td>
</tr>
</tbody>
</table>

† Gives effect to the issuance of the Series 25 and Series 26 Bonds.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
NEW YORK, NEW YORK

DEAR SIRS:

We have examined a record of proceedings relating to the issuance of $100,000,000 aggregate principal amount of Series 27 Bonds (the “Series 27 Bonds”) of the Municipal Assistance Corporation For The City of New York (the “Corporation”), a corporate governmental agency and instrumentality of the State of New York (the “State”) constituting a public benefit corporation, created and existing under and pursuant to the Constitution and statutes of the State, including the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended to the date hereof (the “Act”).

The Series 27 Bonds are authorized and issued under and pursuant to the Act and the Second General Bond Resolution of the Corporation, adopted November 25, 1975, as amended and supplemented to the date hereof (the “Second General Bond Resolution”), and the Series 27 Resolution, adopted January 21, 1981 (the “Series Resolution”). Said resolutions are herein collectively called the “Resolutions”.

The Series 27 Bonds are part of an issue of bonds of the Corporation (the “Bonds”) which the Corporation has established and created under the terms of the Second General Bond Resolution and is authorized to issue from time to time for the corporate purposes of the Corporation authorized by the Act, as then in effect and without limitation as to amount except as provided in the Resolutions and certain agreements of the Corporation or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation and with certain others to limit the issuance of additional bonds. The Series 27 Bonds are being issued for purposes set forth in the Resolutions.

The Corporation is authorized to issue Bonds, in addition to the Series 27 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the Series 27 Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Second General Bond Resolution.

The Series 27 Bonds are dated February 1, 1981 except as otherwise provided in the Resolutions with respect to fully registered Series 27 Bonds, will mature on July 1, 2008 and will bear interest payable July 1, 1981 and semi-annually thereafter on January 1 and July 1 in each year at the rate of ten and five-eighths per centum (10½%) per annum.

The Series 27 Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an
integral multiple thereof. Coupon and fully registered Series 27 Bonds are interchangeable as provided in the Resolutions. Coupon Series 27 Bonds are numbered 27—08— and fully registered Series 27 Bonds are lettered and numbered 27R—08— followed, in each case, by the number of the Series 27 Bonds. Coupon Series 27 Bonds and fully registered Series 27 Bonds are numbered consecutively from one upward in order of issuance.

The Series 27 Bonds are subject to redemption, commencing on July 1, 1996, and on each July 1 thereafter prior to maturity, in each case in part, as provided in the Resolutions, by operation of the Bond Service Fund through application of Sinking Fund Installments as defined in the Second General Bond Resolution in the amounts set forth in the Series Resolution, at the redemption price of 100% of the principal amount of each Series 27 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the Series 27 Bonds are subject to redemption at the election of the Corporation on and after July 1, 1991, as a whole on any date or in part, by lot, on any interest payment date, at the redemption prices (expressed as percentages of the principal amount), plus accrued interest, if any, to the date of redemption, as set forth in the Series Resolution.

Chapters 168, 169, 868 and 870 of the Laws of 1975, as amended to the date hereof, each enacted by the People of the State, represented in Senate and Assembly of the State and signed into law by the Governor of the State (the "Enabling Legislation") provide for, among other things, the insertion of the Act in the Public Authorities Law, creating the Corporation as aforesaid, adding a new section 92-e to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the "Aid Assistance Fund") and a special account for the Corporation within the Aid Assistance Fund (the "Special Aid Account"), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature of the State and otherwise payable out of the General Fund of the State to the City of New York, New York ("The City") thereunder subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, constituting Chapter 16 of such Consolidated Laws; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 41 of such Consolidated Laws; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of Chapter seven of the laws of the State of nineteen hundred seventy-two; (iv) any amounts required to be paid by The City to the State to repay an advance made in nineteen hundred seventy-four to subsidize the fare of the New York City Transit Authority; and (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph e of subdivision 7 of such section 54 of the State Finance Law, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the Series 27 Bonds, and interest thereon have been fully paid and discharged, adding a new section 92-d to Article 6 of the State Finance Law establishing a municipal assistance tax fund (the "Tax Assistance Fund") and a special account for the Corporation within the Tax Assistance Fund (the "Special Tax Account"), and adding a new section 1107 to Article 28 of said Tax Law imposing sales and compensating use taxes in The City at a rate of four percent (4%) on certain items therein described and at a rate of six percent (6%) on the sale of certain parking services (the "Sales Tax"), the revenues derived from which, less such amounts as the Commissioner of Taxation and Finance determines to be necessary for reasonable costs in administering, collecting and distributing such taxes, are required to be paid into the Special Tax Account, together with, after deducting such costs, such amounts, as may be required under the Enabling Legislation to be transferred from the Stock Transfer Tax Fund established by section 92-b of Article 6 of said State Finance Law, into which the revenues derived from a tax imposed by Article 12 of the Tax Law (the "Stock Transfer Tax") are deposited.
We are of the opinion that:

1. The Corporation is duly created and validity exists as a corporate governmental agency and instrumentality of the State constituting a public benefit corporation under the laws of the State, including the Constitution of the State and the Act, with the good right and lawful authority and power to adopt the Resolutions, to issue the Bonds including the Series 27 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the Series 27 Bonds. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Enabling Legislation, including the Act, is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Series Resolution has been duly and lawfully adopted in accordance with the provisions of the Second General Bond Resolution and is authorized and permitted by the Second General Bond Resolution. The Resolutions have been duly and lawfully adopted by the Corporation and both are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, except for the covenant on behalf of the State required to be set forth in each Series 27 Bond pursuant to Chapter 201 of the Laws of New York of 1978 (the "State Covenant") as to which a separate opinion has been rendered on the date hereof, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys, securities and funds held or set aside under the Resolutions, subject only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys, securities and funds in the Bond Service Fund and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Bond Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subject to the pledge and lien created by the Resolutions.

3. The Series 27 Bonds have been duly and validly authorized and issued by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Act, and in accordance with the Resolutions. The Series 27 Bonds are valid and binding general obligations of the Corporation payable as provided in the Resolutions, are enforceable in accordance with their terms, respectively, and the terms of the Resolutions, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws validly enacted affecting creditors' rights or remedies generally, and, except as otherwise set forth with respect to the State Covenant as to which a separate opinion has been rendered as aforesaid, are entitled, together with additional Bonds issued under the Second General Bond Resolution, to the equal benefit, protection and security of the provisions, covenants and obligations of the Second General Bond Resolution and of the Act.

4. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall annually, or before December 1, make and deliver to the Governor and Director of the Budget of the State his certificate stating such sum, if any, as shall be necessary to restore the amount in the Capital Reserve Fund to an amount equal to the Capital Reserve Fund requirement under the Second General Bond Resolution. Subdivision 3 of Section 3036-a of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.

5. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 and of Section 3036-a of the Act, for deposit in the funds established by the Second General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Bond Service Fund to
pay all interest and all principal and redemption premium, if any, on bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such Capital Reserve Fund requirement. Said subdivisions provide for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Aid Assistance Fund into which is paid such per capita aid, subject to certain prior claims as described above, and, to the extent required, subject to the prior claim of the holders of obligations of the Corporation issued or to be issued pursuant to the First General Bond Resolution (as such term is defined in the Second General Bond Resolution), the Tax Assistance Fund into which is paid the Sales Tax, and to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of per capita aid payable to The City and available for apportionment and payment from the General Fund of the State treasury and of such payments out of the Aid and Tax Assistance Funds to the Corporation are subject to annual appropriation for such purposes by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate any such amounts so certified by the Chairman, as aforesaid.

6. The Series 27 Bonds do not constitute a debt either of the State or of The City, and neither the State nor The City shall be liable thereon, nor shall the Series 27 Bonds be payable out of any funds other than those of the Corporation.

7. The State has the good right and lawful authority:

(a) to provide for the appropriation of, and at least annually to appropriate out of the General Fund of the State amounts for the purpose of per capita aid and to provide, with respect to certain amounts of such per capita aid payable to The City in accordance with the provisions of section 54 of the State Finance Law, for the apportionment and payment into the Special Aid Account, of amounts sufficient to enable the Corporation to fulfill the terms of the Resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make any, or maintain any level of, such appropriation of per capita aid or to continue such procedure for apportionment and payment of such aid;

(b) to provide for the appropriation of, and at least annually to appropriate to, the Corporation, from the Special Tax Account and from the Stock Transfer Tax Fund, amounts sufficient to enable the Corporation to fulfill the terms of the Resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make such appropriations;

(c) to suspend the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes and the taxes levied thereunder, in accordance with the Enabling Legislation;

(d) to impose and to increase or decrease the Sales Tax and the Stock Transfer Tax but the State is not bound or obligated to continue the imposition of said taxes; and

(e) to establish the Aid Assistance Fund and the Special Aid Account within the Aid Assistance Fund, the Stock Transfer Tax Fund, the Tax Assistance Fund and the Special Tax Account within the Tax Assistance Fund but the State is not bound or obligated to maintain the existence of said funds or accounts.

8. The Corporation, the holders of the Bonds, holders of any evidence of indebtedness of the Corporation or the holders of bonds or notes of The City do not have nor will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Code or otherwise) wherein a creditor of The City or The City seeks to assert a right to any such Taxes, such Stock Transfer Tax Fund or such Special Accounts superior or equal to the rights of holders of bonds issued under the Second General Bond Resolution, neither The City nor such creditor will prevail in the court of final jurisdiction.

9. Under existing law, upon any failure of the State Legislature to make required appropriations for State debt obligations or upon the establishment of a note repayment account pursuant to Section 55
of the State Finance Law, moneys on deposit in the Stock Transfer Tax Fund and the Tax Assistance Fund, including the Special Tax Account therein (each such account or fund as presently constituted being a special fund of the State), would not constitute revenues applicable to the General Fund of the State and hence neither Article 7, Section 16 of the State Constitution nor said Section 55 authorizes or mandates such moneys to be set apart by the State Comptroller either for the payment of State obligations or for deposit into such note repayment account. We are further of the opinion that, under existing law, collections of the Sales Tax and the Stock Transfer Tax which are to be deposited into the Special Tax Account and the Stock Transfer Tax Fund, do not constitute revenues applicable to the General Fund of the State and hence such collections would likewise not be authorized or mandated to be set apart or applied by the State Comptroller either for the payment of the State obligations or for deposit into such note repayment account. Per capita aid is, under existing law, derived from the General Fund of the State and hence, in the event of a failure to appropriate as above described, revenues of the State, otherwise applicable to the General Fund and therefore available for appropriation as per capita aid will be subject to being set apart, or applied as aforesaid.

10. Under existing statutes and court decisions, interest on the Series 27 Bonds is exempt from Federal income taxes and shall at all times be free from New York State and New York City personal income taxes.

11. No registration with, consent of, or approval by any governmental agency or commission is necessary for the execution and delivery and the issuance of the Series 27 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the Series 27 Bonds, and the execution and delivery of the Series 27 Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law.

We have examined the executed Series 27 Bond numbered 27-08-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,
EXHIBIT C

February, 1981

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
NEW YORK, NEW YORK

DEAR SIRS:

We have examined a record of proceedings relating to the making, execution and delivery of warrants (the "Warrants") to purchase $100,000,000 aggregate principal amount of Series 28 Bonds (the "Series 28 Bonds") of the Municipal Assistance Corporation For The City of New York (the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation, created and existing under and pursuant to the Constitution and statutes of the State, including the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended to the date hereof (the "Act").

The Warrants are authorized, made, executed and delivered under and pursuant to the Act, the Warrant Resolution of the Corporation, adopted January 21, 1981 (the "Warrant Resolution") and the Warrant Agreement dated as of February 1, 1981 (the "Warrant Agreement") between the Corporation and United States Trust Company of New York, as warrant agent.

The Warrants are dated as of February 1, 1981, expire January 18, 1983 and are in bearer form only.

We are of the opinion that:

1. The Corporation is duly created and validly exists as a corporate governmental agency and instrumentality of the State constituting a public benefit corporation under the laws of the State, including the Constitution of the State and the Act, with the good right and lawful authority and power to adopt the Warrant Resolution, to make, execute and deliver the Warrant Agreement and the Warrants thereunder, and to perform the obligations and covenants contained in the Warrant Agreement and the Warrants. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Warrant Resolution has been duly and lawfully adopted by the Corporation and is in full force and effect.

3. The Warrants have been duly and validly authorized, made, executed and delivered by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Act, including Section 3010(4) thereof, and in accordance with the Warrant Resolution and the Warrant Agreement. The Warrants are valid and binding direct obligations of the Corporation and are enforceable in accordance with their terms and the terms of the Warrant Agreement, subject to the qualifications in paragraph 7 hereof.

4. The Warrant Agreement has been duly authorized, executed and delivered by the Corporation and constitutes a valid and binding agreement of the Corporation, enforceable in accordance with its terms, subject to the qualifications in paragraph 7 hereof.

C-1
5. No registration with, consent of, or approval by any governmental agency or commission is necessary for the making, execution and delivery of the Warrant Agreement or the Warrants.

6. The making, execution, delivery and performance of, and compliance with, all of the terms and conditions of the Warrant Agreement and the Warrants, will not result in a violation of or be in conflict with any term or provision of any existing law, except that the legal power of the Corporation to issue the Series 28 Bonds upon exercise of the Warrants is subject to provisions of the Act and the resolutions pursuant to which such Series 28 Bonds are to be issued.

7. The foregoing opinion is qualified only to the extent that the enforceability of the Warrants and the Warrant Agreement may be limited by bankruptcy, insolvency or similar laws validly enacted affecting creditors' rights or remedies generally and the legal power of the Corporation to issue the Series 28 Bonds upon the exercise of the Warrants, which is subject to applicable provisions of law and certain resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 28 Bonds is issued.

We have examined the executed Warrant numbered 27W-83-1 and, in our opinion, the form of said Warrant and its execution are regular and proper.

Very truly yours,
NEW ISSUE

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Series 27 Bonds is exempt from Federal income taxes, and shall at all times be free from New York State and New York City personal income taxes.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
(A Public Benefit Corporation of the State of New York)
$100,000,000
% SERIES 27 BONDS, DUE JULY 1, 2008
with
WARRANTS TO PURCHASE UNTIL JANUARY 18, 1983
$100,000,000
% SERIES 28 BONDS, DUE JULY 1, 2007

Principal of and interest on the Series 27 and 28 Bonds are payable at the corporate trust office of
New York, New York, or at the option of the holder at
unless registered. Interest on the Series 27 Bonds is payable July 1, 1981 and
semi-annually thereafter on each January 1 and July 1. Interest on the Series 28 Bonds is payable semi-annually after issuance
thereof on each January 1 and July 1. The Series 27 and 28 Bonds will be issued as coupon bonds in the denomination of
$5,000 each, registrable as to principal only, or as fully registered bonds in the denomination of $5,000 or any integral multiple
of $5,000. Coupon and registered bonds of each Series are interchangeable for Bonds of the same Series as more fully
described herein.

The Series 27 and 28 Bonds are subject to redemption at the option of the Corporation on or after July 1, 1991 as
a whole on any date, or in part on any interest payment date or dates, at an initial redemption price of 102% of the
principal amount thereof, plus, in each case, accrued interest to the redemption date, all as more fully described herein. The
Series 27 and 28 Bonds are also subject to redemption from mandatory sinking fund installments on each July 1, commencing
July 1, 1996, and July 1, 1984, respectively, at a redemption price of 100% of the principal amount thereof, plus accrued
interest to the redemption date, all as more fully described herein.

The Trustee under the Second General Bond Resolution (pursuant to which the Series 27 and 28 Bonds are to be
issued) is United States Trust Company of New York.

% Series 27 Term Bonds due July 1, 2008 with Warrants @
(Plus accrued interest from February 1, 1981)

There will be delivered with each $5,000 principal amount of Series 27 Bonds a Warrant entitling the holder thereof
to purchase $5,000 principal amount of Series 28 Bonds at par plus accrued interest to the delivery date thereof. The
Warrants will expire on January 18, 1983, will be delivered only in bearer form and may be transferred separately from the
Series 27 Bonds immediately after issuance. The Series 28 Bonds will be deliverable on the 25th day of each month upon
exercise of the Warrants on or prior to the 20th day of such month. The Warrants, the exercise thereof and the Series 27
and 28 Bonds are more fully described herein.

The Series 27 and 28 Bonds are payable from certain per capita State aid and, to the extent not required for payment of
certain other obligations of the Corporation, including bonds issued under the Corporation's First General Bond Resolution,
revenues derived from certain sales and compensating use taxes imposed by the State of New York within The City of New York
and, under certain conditions, the State stock transfer tax. The State is not bound or obligated to continue to appropriate such
per capita State aid or to continue the imposition of such taxes or to make the necessary payments of such per capita State aid
or the necessary appropriations of the revenues derived from such taxes. The Corporation has no taxing power. The Series 27
and 28 Bonds do not constitute an enforceable obligation, or a debt, of either the State or the City, and neither the State nor the
City shall be liable thereon. Neither the faith and credit nor the taxing power of the State or the City is pledged to the payment
of principal or interest on the Series 27 and 28 Bonds.

The Series 27 Bonds and the Warrants are offered when, as and if issued by the Corporation and received by the Under-
writers and subject to approval of legality by Hawkins, Delafeld & Wood, New York, New York, Bond Counsel to the Corpora-
tion. Certain legal matters will be passed on for the Corporation by its General Counsel, Paul, Weiss, Rifkind, Wharton &
Garrison, New York, New York. Certain legal matters will be passed on for the Underwriters by their counsel, White & Case,
New York, New York. It is expected that the Series 27 Bonds and the Warrants in definitive form will be available for delivery
on or about February 5, 1981.

Salomon Brothers

Goldman, Sachs & Co.

Merrill Lynch White Weld Capital Markets Group

Merrill Lynch, Pierce, Fenner & Smith Incorporated

Citibank, N.A.

The Chase Manhattan Bank, N.A.

Morgan Guaranty Trust Company
of New York

Bache Halsey Stuart Shields
Incorporated

Bear, Stearns & Co.

L. F. Rothschild, Unterberg, Towbin

The date of this Official Statement is January , 1981
No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 27 Bonds or the Warrants or any other securities of the Municipal Assistance Corporation For The City of New York by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been provided by such Corporation and by other sources which are believed to be reliable by such Corporation, but it is not guaranteed as to its accuracy or completeness and is not to be construed as a representation by the Underwriters. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of such Corporation or of the State of New York or of The City of New York since the date hereof. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

IN CONNECTION WITH THE OFFERING OF THE SERIES 27 BONDS WITH THE WARRANTS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS WITH WARRANTS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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Lazard Frères & Co.—Financial Advisor
PART 1—INTRODUCTION

Certain factors and additional information that may affect decisions to invest in the Series 27 Bonds and the Warrants are described throughout this Official Statement which should be read in its entirety. Certain terms used in this Official Statement are defined in the Appendix beginning on page 48.

The Corporation The Municipal Assistance Corporation For The City of New York is a public benefit corporation of the State created for the purpose of providing financing assistance and fiscal oversight for the City.

The Bonds and The Series 27 and 28 Bonds will be issued pursuant to the Corporation's the Warrants Second General Bond Resolution. Certain revenues of the Corporation described below are pledged to the payment of the Series 27 and 28 Bonds, which are general obligations of the Corporation and are not obligations of either the State or the City. The Warrants will be executed and delivered pursuant to the Warrant Agreement and will entitle the holders thereof to purchase Series 28 Bonds of the Corporation until January 18, 1983. For a more detailed description of the Warrants, the manner of exercise thereof, certain conditions which must be satisfied prior to the issuance and delivery of the Series 28 Bonds, and certain tax consequences of the purchases and sales of Series 27 and 28 Bonds and the Warrants, see “PART 2—BONDS AND WARRANTS BEING OFFERED.”

Payment of the Bonds and Debt Service Coverage The Corporation's revenues pledged to the payment of Second Resolution Bonds are derived from money that are paid to the Trustee, subject to annual appropriation by the State Legislature, from three sources: Per Capita Aid and (after satisfying debt service, operating expenses and capital reserve funding requirements under the Corporation's First General Bond Resolution) the Sales Tax and the Stock Transfer Tax. “Per Capita Aid” consists of amounts that otherwise would have been payable to the City under the State law that provides for a general revenue sharing program applicable to localities throughout the State. The “Sales Tax” consists of a State sales tax imposed within the City, at the rate of 4%, on most retail and certain other sales. The “Stock Transfer Tax” consists of the State tax on the transfer of stocks and certain other securities. The Corporation has no taxing power.

Assuming that amounts available to the Corporation from Per Capita Aid, Sales Tax and Stock Transfer Tax continue at present levels, Available Revenues for debt service on all outstanding Second Resolution Bonds, including the Series 27 Bonds, and assuming the issuance of $100 million of Series 28 Bonds, would be as follows:

(Dollars in millions)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,207</td>
<td>Sales Tax (12 months ended December 31, 1980)</td>
</tr>
<tr>
<td>plus</td>
<td>576 Stock Transfer Tax (12 months ended December 31, 1980)</td>
</tr>
<tr>
<td>minus</td>
<td>6 operating expenses of the Corporation</td>
</tr>
<tr>
<td>minus</td>
<td>358 maximum annual debt service payment on currently outstanding First Resolution obligations (issuance test limits annual debt service to $425 million)</td>
</tr>
<tr>
<td></td>
<td>$1,419 available tax revenues after provision for First Resolution obligations</td>
</tr>
<tr>
<td>plus</td>
<td>419 available Per Capita Aid (for the Corporation's 1980 fiscal year), net of $65 million of potential prior claims (none of which has been asserted since the inception of the Corporation)</td>
</tr>
<tr>
<td></td>
<td>$1,838 Available Revenues</td>
</tr>
<tr>
<td>divided by</td>
<td>$532 maximum annual debt service payment on currently outstanding Second Resolution Bonds (including the Series 27 Bonds and assuming the issuance of $100 million of Series 28 Bonds)</td>
</tr>
<tr>
<td></td>
<td>3.45 Debt Service Coverage</td>
</tr>
</tbody>
</table>

1
The authority of the State to impose and collect the Sales Tax and pay the Sales Tax and Stock Transfer Tax revenues to the Corporation has been affirmed by the State's highest court, and the United States Supreme Court dismissed the appeal of the State court's decision for lack of a substantial Federal question.

For further information with respect to the Corporation's revenues and debt service, as well as estimated coverage ratios, see "PART 6—PAYMENT OF THE BONDS" and "PART 7—DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS."

**Limitations on Bond Issuance**

The Corporation has covenanted not to issue additional Second Resolution Bonds unless available revenues, calculated substantially in the manner outlined above, would cover estimated maximum annual debt service payments on Second Resolution Bonds at least 2 times. The Corporation has covenanted with the Warrantholders to consider the principal amount of Series 28 Bonds covered by outstanding Warrants as outstanding for purposes of any such calculation.

The Corporation has covenanted not to issue additional First Resolution obligations if the maximum annual debt service payments on all First Resolution obligations would exceed $425 million. Maximum annual debt service on currently outstanding First Resolution obligations is $358 million.

**Appropriation of Revenues**

The Legislature has appropriated Per Capita Aid, the Sales Tax and the Stock Transfer Tax for the benefit of the Corporation for each of the State's fiscal years since the inception of the Corporation. The Corporation expects that the Legislature will continue to make such appropriations so long as the Corporation's bonds are outstanding. Under the State Constitution, however, the Legislature cannot be bound or obligated to appropriate such revenues for the benefit of the Corporation.

The Corporation believes that any failure by the State to make annual appropriations as expected would have a serious impact on the ability of the State and its agencies to raise funds in the public credit markets.

**Outstanding Debt of the Corporation**

After the issuance of the Series 27 Bonds, and assuming the issuance of $100 million of Series 28 Bonds, the Corporation will have outstanding an aggregate of $6.703 billion of its bonds, $4.321 billion issued under the Second General Bond Resolution and $2.382 billion issued under the First General Bond Resolution.

The Corporation's First and Second Resolution obligations each have the benefit of a capital reserve fund held by the Trustee. As at December 31, 1980, there was on deposit in such funds $309.7 million and $449.4 million, respectively.

**Debt Issuance Plan**

The Series 27 and 28 Bonds are being offered as part of the Debt Issuance Plan developed by the Corporation and the City. The Debt Issuance Plan provides necessary long-term financing for the City to enable the City to finance fully its capital needs through December 31, 1984.

The Debt Issuance Plan provides for completion of public sales of $1.85 billion of the Corporation's bonds through December 31, 1984, and completion of the sale to the Financial Institutions and the City Pension Funds of $861.7 million of the Corporation's bonds during the 1981 and 1982 fiscal years, of which $300 million were sold in October 1980. It also provides for public sales of $1.7 billion of City bonds through fiscal year 1985 and private sales of $900 million of federally guaranteed City bonds through December 31, 1984, of which $300 million were sold in October 1980.

The Corporation has sold $100 million of its bonds publicly during the 1981 fiscal year, and intends to issue an additional $300 million of bonds, of which the Series 27 Bonds is a portion, during the remaining two quarters of such fiscal year.
The implementation of the Debt Issuance Plan is subject to numerous and complex legislative and contractual conditions which may be difficult to fulfill and many of which are not within the control of the Corporation or the City. Such conditions include the consent of the Secretary of the Treasury to the issuance of federally guaranteed City bonds in the 1982 fiscal year. See “PART 5—DEBT ISSUANCE PLAN.”

Certain institutional investors, some of which are underwriters of this offering, hold substantial amounts of bonds of the Corporation and have agreed under the Debt Issuance Plan to purchase significant additional amounts of the Corporation’s bonds in the 1981 and 1982 fiscal years of the Corporation. Such investors may from time to time during and after the time when the Series 27 Bonds with Warrants are being offered to the public, offer or sell bonds of the Corporation, which may have an adverse effect on the market price of the Series 27 and 28 Bonds and the Warrants.

Certain Factors

The Corporation believes that the market for and the market price of the Series 27 and 28 Bonds and the Warrants and the sources of payment of the Series 27 and 28 Bonds may be affected by certain other factors described elsewhere in this Official Statement. See “PART 5—DEBT ISSUANCE PLAN,” “PART 8—CERTAIN DEVELOPMENTS AFFECTING THE CITY” and “PART 9—CERTAIN DEVELOPMENTS AFFECTING THE CITY.”

PART 2—BONDS AND WARRANTS BEING OFFERED

The Series 27 Bonds are being offered together with the Warrants. Descriptions of the Series 27 Bonds, the Warrants, the Series 28 Bonds, and certain factors relating to each of them are separately set out below.

General

The Series 27 and 28 Bonds will be issued pursuant to the Second General Bond Resolution and the Series 27 and 28 Resolutions, respectively. The Series 27 Bonds will be dated and bear interest from February 1, 1981 and mature on July 1, 2008. The Series 28 Bonds will mature July 1, 2007. The Series 28 Bonds issued prior to July 1, 1981 will bear interest from February 1, 1981 and the Series 28 Bonds issued thereafter will bear interest from the interest payment date on the Series 28 Bonds immediately preceding the delivery of such Bonds.

The Series 27 and 28 Bonds will be issued as coupon bonds in the denomination of $5,000 each, registrable as to principal only, or as fully registered bonds in the denomination of $5,000 or any integral multiple of $5,000. Coupon bonds and fully registered bonds will be interchangeable. The Series 27 and 28 Bonds will be registrable on the books of the Corporation at the corporate trust office of the Trustee.

For every exchange or transfer of the Series 27 or 28 Bonds, the Corporation or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The cost of preparing each new Series 27 or 28 Bond issued upon such exchange or transfer and any other expenses of the Corporation or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) will be paid by the Corporation as operating expenses.

Pursuant to the Act, the Series 27 and 28 Bonds will include the 1978 State Covenant to the effect that the State will not take certain actions, including any action that will substantially impair the authority of the Control Board to act in specified respects with regard to the City. See “PART 11—AGREEMENT OF THE STATE OF NEW YORK.”

The Corporation may from time to time direct the Trustee to purchase with moneys in the Bond Service Fund, Series 27 and 28 Bonds at or below par plus unpaid interest accrued to the date of such
purchase, and apply any Bonds so purchased as a credit, at par, against and in fulfillment of a required Sinking Fund Installment on the Series of Bonds so purchased. See “PART 14—SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION—Bond Service Fund.” To the extent the Corporation fulfills its obligations to make Sinking Fund Installments in a particular year through such purchases of such Bonds, the likelihood of redemption by lot of any holder’s Bonds of such Series through the operation of the sinking fund will be reduced for such year. The Corporation has in the past made such purchases with respect to certain Series of its Second Resolution Bonds and may in the future do so with respect to the Series 27 and 28 Bonds.

United States Trust Company of New York is the Trustee under the Second General Bond Resolution. Its corporate trust office is located at 45 Wall Street, New York, New York 10005. For further information concerning the Trustee, see “PART 15—TRUSTEE.”

The Series 27 Bonds

Optional Redemption

The Series 27 Bonds are subject to redemption at the option of the Corporation on or after July 1, 1991, as a whole on any date, or in part by lot on any interest payment date or dates, at the following redemption prices (expressed as percentages of the principal amount), plus accrued interest to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1991 to December 31, 1992</td>
<td>102%</td>
</tr>
<tr>
<td>January 1, 1993 to June 30, 1994</td>
<td>101 1/2</td>
</tr>
<tr>
<td>July 1, 1994 to December 31, 1995</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1996 to June 30, 1997</td>
<td>100 1/2</td>
</tr>
<tr>
<td>July 1, 1997 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

Sinking Fund Redemption

The Series 27 Bonds are also subject to redemption, in part by lot, on July 1 in each of the years, and in the respective principal amounts set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory “Sinking Fund Installments” which are required to be made in amounts sufficient to redeem on July 1 of each year, the principal amount of such Series 27 Bonds specified for each of the years shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>$5,830,000</td>
</tr>
<tr>
<td>1997</td>
<td>5,920,000</td>
</tr>
<tr>
<td>1998</td>
<td>6,015,000</td>
</tr>
<tr>
<td>1999</td>
<td>6,105,000</td>
</tr>
<tr>
<td>2000</td>
<td>6,200,000</td>
</tr>
<tr>
<td>2001</td>
<td>7,720,000</td>
</tr>
<tr>
<td>2002</td>
<td>7,975,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$8,240,000</td>
</tr>
<tr>
<td>2004</td>
<td>8,530,000</td>
</tr>
<tr>
<td>2005</td>
<td>8,835,000</td>
</tr>
<tr>
<td>2006</td>
<td>9,170,000</td>
</tr>
<tr>
<td>2007</td>
<td>9,530,000</td>
</tr>
<tr>
<td>2008</td>
<td>9,935,000*</td>
</tr>
</tbody>
</table>

* Payment at maturity.

Giving effect to the Sinking Fund Installments set forth above, the average life of the Series 27 Bonds would be approximately 22.1 years, calculated from February 1, 1981.

The Warrants

General

The Warrants are to be delivered in bearer form only pursuant to a Warrant Agreement to be dated as of February 1, 1981 between the Corporation and United States Trust Company of New York, as Warrant Agent. The Warrants will be offered together with the Series 27 Bonds and purchasers will receive one Warrant for each $5,000 in principal amount of Series 27 Bonds purchased. The Warrants may be transferred separately from the Series 27 Bonds. Each Warrant will entitle the holder to purchase $5,000 in principal amount of Series 28 Bonds at a purchase price of $5,000 plus accrued interest to the delivery date of such Series 28 Bonds.
The Warrantholders do not have the rights of bondholders under the Second General Bond Resolution or the Series 27 or 28 Resolution.

The value of the Warrants from time to time will be determined primarily by the market rate of interest on bonds of the Corporation comparable to the Series 28 Bonds, which rate will be affected by numerous factors, including the amount and timing of future issuances of the Corporation's bonds. See "PART 5—DEBT ISSUANCE PLAN."

Exercise of Warrants

Each Warrant may be exercised by physical delivery of the Warrant and payment of the purchase price to the Warrant Agent on or before 3:30 P.M., New York City time, on January 18, 1983, all as more fully described in the Warrant. Warrants not exercised on or before January 18, 1983, shall become void. Series 28 Bonds will be delivered on the 25th day of each month with respect to all Warrants exercised on or prior to 3:30 P.M., New York City time, on the 18th day of such month. Series 28 Bonds to be delivered upon the exercise of Warrants will be delivered in accordance with the instructions of the exercising Warrantholder, but at the sole cost and risk of such holder.

Conditions to Issuance of Series 28 Bonds

The Corporation has undertaken in the Warrants to deliver Series 28 Bonds upon proper exercise of the Warrants, and to deliver therewith an opinion of Bond Counsel as to approval of legality, including an opinion to the effect that under then existing statutes and court decisions interest on the Series 28 Bonds is exempt from Federal income taxation. This undertaking is unconditional. The Corporation has heretofore authorized the issuance of up to $100 million of its Series 28 Bonds. If the Corporation fails or is unable to deliver such Bonds or such opinion, a breach of contract would exist and the Warrantholders could pursue their legal remedies. The legal power of the Corporation to issue such Series 28 Bonds is subject to the provisions of the Act, the Second General Bond Resolution and certain other resolutions and agreements of the Corporation that must be satisfied at the time each of such Series 28 Bonds is issued and delivered. The ability of the Corporation to satisfy such provisions or comply with then applicable law, however, may be affected by factors not within the control of the Corporation which could prevent the Corporation from issuing Series 28 Bonds upon the exercise of the Warrants. The ability of Bond Counsel to issue its opinion is subject to laws and regulations then in effect and certain factual and legal determinations to be made at the time of such issuance. For a description of coverage ratio limitations on the issuance of additional bonds and the Corporation's estimate that it can issue the Series 28 Bonds within all applicable coverage ratio requirements, see "Additional Bonds and Notes" in this Part 2 and "PART 7—DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS—Debt Service Requirements and Estimated Coverage Ratios."

Covenants for the Benefit of Warrantholders

To protect the interests of the Warrantholders, the Corporation has covenanted in the Warrants (i) to consider as issued and outstanding all Series 28 Bonds issuable upon exercise of all outstanding Warrants for purposes of determining the Corporation's right to issue additional bonds, (ii) to obtain the consent of the holders of a majority (or in certain cases all) of the outstanding Warrants prior to amendment of either the Series 28 Resolution or the Second General Bond Resolution in any manner that would materially adversely affect the Warrantholders, and (iii) to deliver to exercising Warrantholders, simultaneously with delivery of the Series 28 Bonds, an opinion of the Corporation's Bond Counsel as to approval of legality of the Series 28 Bonds, including an opinion to the effect that under then existing statutes and court decisions interest on the Series 28 Bonds is exempt from Federal income taxation.

The Series 28 Bonds

Optional Redemption

The Series 28 Bonds are subject to redemption at the option of the Corporation on or after July 1, 1991, as a whole on any date, or in part by lot on any interest payment date or dates, at the following
redemption prices (expressed as percentages of the principal amount), plus accrued interest to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1991 to December 31, 1992</td>
<td>102%</td>
</tr>
<tr>
<td>January 1, 1993 to June 30, 1994</td>
<td>101½</td>
</tr>
<tr>
<td>July 1, 1994 to December 31, 1995</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1996 to June 30, 1997</td>
<td>100½</td>
</tr>
<tr>
<td>July 1, 1997 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

**Sinking Fund Redemption**

The Series 28 Bonds are also subject to redemption, in part by lot, on July 1 in each of the years, at 100% of the principal amount determined by applying the percentage set forth below to the principal amount of all Series 28 Bonds issued upon the exercise of the Warrants (with certain rounding adjustments permitted by the Series 28 Resolution), plus accrued interest to the date of redemption, from mandatory "Sinking Fund Installments" which are required to be made in amounts sufficient to redeem on July 1 of each year, the principal amount of such Series 28 Bonds so determined for each of the years shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>2.835%</td>
</tr>
<tr>
<td>1985</td>
<td>2.895%</td>
</tr>
<tr>
<td>1986</td>
<td>2.955%</td>
</tr>
<tr>
<td>1987</td>
<td>3.020%</td>
</tr>
<tr>
<td>1988</td>
<td>3.080%</td>
</tr>
<tr>
<td>1989</td>
<td>3.140%</td>
</tr>
<tr>
<td>1990</td>
<td>3.205%</td>
</tr>
<tr>
<td>1991</td>
<td>3.265%</td>
</tr>
<tr>
<td>1992</td>
<td>3.325%</td>
</tr>
<tr>
<td>1993</td>
<td>3.390%</td>
</tr>
<tr>
<td>1994</td>
<td>3.450%</td>
</tr>
<tr>
<td>1995</td>
<td>3.510%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>3.570%</td>
</tr>
<tr>
<td>1997</td>
<td>3.635%</td>
</tr>
<tr>
<td>1998</td>
<td>3.695%</td>
</tr>
<tr>
<td>1999</td>
<td>3.755%</td>
</tr>
<tr>
<td>2000</td>
<td>5.080%</td>
</tr>
<tr>
<td>2001</td>
<td>5.280%</td>
</tr>
<tr>
<td>2002</td>
<td>5.495%</td>
</tr>
<tr>
<td>2003</td>
<td>5.735%</td>
</tr>
<tr>
<td>2004</td>
<td>5.985%</td>
</tr>
<tr>
<td>2005</td>
<td>6.260%</td>
</tr>
<tr>
<td>2006</td>
<td>6.560%</td>
</tr>
<tr>
<td>2007</td>
<td>6.880*</td>
</tr>
</tbody>
</table>

* Payment at maturity.

Giving effect to the Sinking Fund Installments set forth above, the average life of the Series 28 Bonds would be approximately 16.9 years, calculated from February 1, 1981 on the assumption that all $100 million of the Series 28 Bonds were issued on that date.

**Certain Tax Consequences**

This summary of certain tax consequences of the purchase and sale of Series 27 and 28 Bonds and the Warrants does not purport to deal with all aspects of taxation which may be relevant to particular investors. For example, special rules apply to insurance companies and dealers in tax-exempt securities. There are no provisions of the Internal Revenue Code (the "Code") or regulations (the "Regulations") or rulings of the Internal Revenue Service (the "IRS") that expressly apply to tax-exempt securities issued with Warrants such as the Series 27 Bonds. However, the IRS has applied certain provisions of the Code and Regulations that are applicable to taxable securities in certain rulings concerning tax-exempt securities. Although the Corporation can give no assurance that the IRS will apply the principles reflected in the Code and such Regulations relating to taxable securities to the Series 27 and 28 Bonds and the Warrants, the Corporation has no reason to believe that the IRS would not do so in respect of questions where no tax-exempt rules are applicable. If such provisions were to be applied, certain tax consequences of purchases and sales of the Series 27 Bonds, the Warrants or the Series 28 Bonds would be as described below. Persons with questions concerning the detailed tax consequences of purchasing a unit or exercising a Warrant should consult their own tax advisors.

**The Series 27 Bonds**

Subject to the foregoing, the offering price (on the cover page hereof) of each unit consisting of a Series 27 Bond together with a Warrant, should be allocated between the Series 27 Bond and the Warrant.
Such allocation should be made in the proportion that the “fair market value” of each bears to the offering price of the unit on the date the unit is issued. For example, if the offering price were 100 and the fair market value of the Series 27 Bond were 95 and the fair market value of the Warrant were 6, the allocation of the offering price to the Bond would be $95 \div (95 + 6) \times 100 = 94.06$ and the allocation to the Warrant would be $6 \div (95 + 6) \times 100 = 5.94$. If the fair market value of the Series 27 Bond were 95 and the fair market value of the Warrant 4, the allocation to the Bond would be $95 \div (95 + 4) \times 100 = 95.96$ and the allocation to the Warrant would be $4 \div (95 + 4) \times 100 = 4.04$. “Fair market value” should be determined by taking the mean between the highest and the lowest selling prices of the Series 27 Bonds and of the Warrants, trading separately, on the date of issuance thereof, or the first day thereafter, on which substantial trading in such securities exists.

Because it appears that the principal amount of the Series 27 Bond will exceed the price so allocated to the Series 27 Bond (since the unit offering price is equal to the principal amount of the Series 27 Bond and a portion of the unit offering price should be allocated to the Warrant), the Series 27 Bond should be considered to have an “original issue discount” of not less than an amount equal to such excess. The Corporation intends to ascertain and make public selling prices for use by the holders of the Series 27 Bonds in calculating original issue discount in respect of the Series 27 Bond. The portion of the offering price of a unit allocated to a Series 27 Bond as described above should constitute the original holder’s tax basis in the Series 27 Bond.

An appropriate portion of the original issue discount described above, depending on the holding period of the Series 27 Bond by each holder, should, upon disposition or payment of the Series 27 Bond, be treated as tax-exempt interest, rather than as taxable gain, for Federal income tax purposes. The portion so treated should be at least that determined by apportioning the amount of original issue discount among the original holder and each subsequent holder of the Series 27 Bonds based upon the relation that the number of days (computed on a calendar year basis) for which the Series 27 Bonds were owned by each holder bears to the total number of days elapsed from the date of issuance to the maturity date of the Series 27 Bonds. For example, if a Series 27 Bond with Warrant were offered at 100 and the “fair market values” of the Series 27 Bonds and the Warrants, as determined in the manner described above, were 94 and 6, respectively, the original issue discount would be 6 and the purchaser’s tax basis for such Bond would be 94. If the original holder holds such Bond for one-half of the period between issuance and maturity, one-half of the original issue discount, or 3, will be “amortized” and be treated as tax-exempt income upon the sale of such Bond. Assuming such Bond is sold by the original holder at such time for 99, the holder would have tax-exempt income of 3 (i.e., the “amortized” original issue discount reducing the proceeds to 96) and capital gain of 2 (96—94). Assuming such Bond is sold for 90, the holder would have tax-exempt income of 3 (i.e., the “amortized” original issue discount reducing the proceeds to 87) and capital loss of 7 (94—87).

**Warrants**

The portion of the offering price of a unit allocated to a Warrant, as described above, should constitute the tax basis for the Warrant for the original holder. If a Warrant is exercised, no gain or loss should be realized by the holder, and the holder’s tax basis in the Warrant should be added to the exercise price to determine the tax basis for the Series 28 Bond acquired with the consequence described below. If a Warrant expires unexercised, the holder will realize a loss in an amount equal to the tax basis in the Warrant, which loss will be a capital loss.

**Series 28 Bonds**

The tax basis of a Series 28 Bond acquired upon exercise of a Warrant should be the exercised price (excluding accrued interest) of the Warrant plus the Warrantholder’s tax basis for the Warrant. Because the exercise price (excluding accrued interest) will be par, an amount equal to the tax basis for the Warrant should be premium with respect to the Series 28 Bond. A holder should be required to deduct from the tax basis in such Bond the premium ratably (for the period held) from the date of issuance to the date of maturity of the Series 28 Bond.
**Additional Bonds and Notes**

Pursuant to the Act, the Corporation is authorized to issue bonds and notes in an aggregate principal amount not exceeding $10 billion (exclusive of bonds and notes issued to refund outstanding bonds and notes, and notes issued to meet the City's seasonal borrowing requirements). For purposes of this authorization, the Corporation will have issued approximately $7.409 billion after issuance of the Series 27 Bonds, and assuming the issuance of $100 million of Series 28 Bonds. All bonds, other than refunding bonds, are required to be issued under the First or Second General Bond Resolutions.

Additional Second Resolution Bonds may be issued on a parity with the Series 27 and 28 Bonds, provided that (a) an amount equal to the lesser of (i) the most recent collections of the Sales Tax and Stock Transfer Tax for 12 consecutive calendar months ended not more than two months prior to the date of such determination or (ii) the amounts estimated by the State Commission of Taxation and Finance to be collectible during the succeeding 12-month period from such sources, plus (b) the estimated or actual amount of Per Capita Aid to be or theretofore apportioned and paid to the Municipal Assistance State Aid Fund for the fiscal year of the State during which such additional bonds are to be issued, less (c) the maximum annual debt service on outstanding First Resolution obligations, less (d) estimated operating expenses of the Corporation for its then current fiscal year, is at least 2 times (e) the maximum annual debt service on outstanding Second Resolution Bonds (including the particular series of such additional Bonds then proposed to be issued). The Corporation has covenanted with the Warrantholders, that for purposes of the foregoing calculations, it will consider as outstanding all Series 28 Bonds covered by outstanding Warrants.

Pursuant to the Series 27 Resolution, the Series 28 Resolution and certain other series resolutions of the Corporation, the Corporation may issue additional First Resolution obligations only to the extent that the issuance thereof would not cause the maximum annual debt service on outstanding First Resolution obligations to equal or exceed $425 million (with certain adjustments with respect to up to $25 million of small denomination obligations that the Corporation may offer to the public under the First General Bond Resolution).

The Second General Bond Resolution contains further limitations upon the issuance by the Corporation of additional obligations under the First General Bond Resolution. See "PART 14—SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION."

**PART 3—USE OF PROCEEDS**

The net proceeds of the sale of the Series 27 Bonds and the Warrants will be $ million. Approximately $83 million of the net proceeds will be used to provide funds to the City for capital improvements includable in the City's capital budget. Such funds will be made available to the City through the subsequent purchase by the Corporation of bonds issued by the City to finance such improvements and will be paid to the City upon certification by the Mayor that the amount is required by the City to pay for items permitted by law to be included in the City's capital budget during the fiscal year in which the funds are paid to the City. Neither the City bonds acquired by the Corporation with the proceeds of this offering nor the payments of principal and interest with respect to such bonds will be subject to the lien created by the pledge under the First or Second General Bond Resolution, except to the extent such payments are actually paid into one of the Corporation's accounts as to which such lien applies.

The balance of the net proceeds, approximately $ million, will be deposited in the Capital Reserve Aid Fund established under the Second General Bond Resolution. For further information with respect to the Capital Reserve Aid Fund, see "PART 6—PAYMENT OF THE BONDS—Maintenance of Capital Reserve Aid Fund."

Proceeds of sale of the Series 28 Bonds are expected to be used for purposes similar to those of the Series 27 Bond proceeds.
PART 4—THE CORPORATION

Background, Purposes and Powers

The Corporation is a corporate governmental agency and instrumentality of the State constituting a public benefit corporation. The Corporation was created by State legislation adopted in June 1975 (as amended to date, the “Act”), for the purpose of providing financing assistance and fiscal oversight for the City. To carry out such purpose, the Corporation was given the authority, among other things, to issue and sell bonds and notes, to pay or lend funds received from such sales to the City and to exchange the Corporation’s obligations for those of the City and to issue bonds to refund outstanding bonds. Between June 1975 and June 1978, the Corporation issued its obligations in accordance with this purpose and the City was provided with seasonal loans by the Federal government and long-term financing by certain City pension funds and the Corporation. In September 1975, the Control Board was established to oversee the financial affairs of the City.

By June 1978, the City had brought its operating budget into balance in accordance with State law and accomplished other budgetary and accounting objectives. Despite this progress, it became clear that further actions would be necessary to enable the City to finance itself. As a result, the Debt Issuance Plan was developed to provide long-term financing to the City over the four fiscal years ending June 1982, during which time the City is required to follow a plan designed to bring its operating budget into balance in accordance with generally accepted accounting principles (“GAAP”) by the 1982 fiscal year and to enable it to regain access to the public credit markets. Although the City’s operating budget for the 1981 fiscal year is balanced in accordance with GAAP one year earlier than required, the Debt Issuance Plan was recently supplemented to give the City additional time to regain access to the public credit markets.

To enable the Corporation to fulfill its role in the Debt Issuance Plan, the State enacted legislation in 1978 that increased the amount of obligations which the Corporation may issue to $8.8 billion (excluding refunding obligations and short-term notes) and authorized the Corporation to issue its bonds and notes for several additional purposes and to pay or lend the proceeds to the City. Included in the additional purposes are (i) financing items permitted to be included in the City’s capital budget, (ii) financing payments to a reserve fund in connection with the Federal guarantee of obligations of the City, and (iii) assisting in financing the City’s seasonal borrowing requirements.

To enable the Corporation to assist in financing the City’s capital needs during its 1983 and 1984 fiscal years, the State enacted legislation in June 1980 increasing the amount of obligations which the Corporation may issue to $10 billion (excluding refunding obligations and short-term notes) and extending through December 31, 1984 the period during which such obligations, other than refunding obligations, may be issued. The additional $1.2 billion of issuance authority provided by the 1980 legislation is limited to funding City capital needs and the Corporation’s required reserve funds. The 1980 legislation provides sufficient bond issuance authority to enable the Corporation to fulfill its role through December 31, 1984 under the Debt Issuance Plan.

Outstanding Debt of the Corporation

After the issuance of the Series 27 Bonds and assuming the issuance of $100 million of Series 28 Bonds, the Corporation will have issued approximately $7.409 billion aggregate principal amount of bonds and notes for purposes of the $10 billion statutory issuance limit (which limit excludes refunding obligations). After such issuances, the Corporation will have outstanding (excluding bonds that have been refunded) $4.321 billion aggregate principal amount of bonds issued under the Second General Bond Resolution and $2.382 billion aggregate principal amount of bonds issued under the First General Bond Resolution. The Second General Bond Resolution provides that all outstanding Second Resolution Bonds will be on a parity with each other, regardless of the date of issuance.

First Resolution obligations have no claim on Per Capita Aid, which is a principal source of payment for the Second Resolution Bonds. First Resolution obligations have a claim prior to that of Second Resolution Bonds on all amounts available to the Corporation from the Sales Tax and the Stock
Transfer Tax. The Corporation has covenanted not to issue additional First Resolution obligations if the maximum annual debt service payments on all First Resolution obligations would exceed $425 million.

For additional information concerning the financial condition of the Corporation, see the audited financial statements of the Corporation as at June 30, 1980, and the unaudited financial statements for the three months ended September 30, 1980, annexed hereto as Exhibit A, and “PART 20—FINANCIAL STATEMENTS.”

PART 5—DEBT ISSUANCE PLAN

In November 1978, the Corporation in conjunction with the City developed the Debt Issuance Plan to provide up to $4.5 billion of long-term financing for the City during the 1979 through 1982 fiscal years. For a description of the City’s financial plan for such fiscal years, see “PART 9—CERTAIN DEVELOPMENTS AFFECTING THE CITY—Recent Financial History.” The Corporation and the City have successfully implemented the 1979 and 1980 fiscal year components of the Debt Issuance Plan. The Debt Issuance Plan assumed that the City would be able (i) to sell to the public $300 million and $650 million of its bonds during its 1981 and 1982 fiscal years, respectively, in order to meet a portion of its capital needs in those years, while the balance of those needs would be met from financing commitments under the Debt Issuance Plan, and (ii) to meet fully its capital needs through the public sale of its bonds after the 1982 fiscal year.

Despite the progress made by the City as reflected in its adoption of an operating budget for the 1981 fiscal year balanced in accordance with GAAP and the implementation of other budgetary and accounting reforms, it became apparent that the City would not be able to issue long-term bonds to the public in the full amount or at the times projected in the Debt Issuance Plan, as adopted in 1978, to meet its capital needs. Accordingly, the Debt Issuance Plan has been supplemented.

The City currently projects its capital needs to be approximately $712 million and $975 million during its 1981 and 1982 fiscal years, respectively, and approximately $1 billion during each of its 1983 through 1985 fiscal years. The Plan, as supplemented, is intended to enable the Corporation to assist the City in financing these needs. The City’s capital needs would be met through the following sources: (bracketed figures indicate the amount issued to date, including the Series 27 Bonds but excluding the Series 28 Bonds) (i) completion of the previously scheduled sales of $861.7 million of the Corporation’s bonds [$300 million] to the Financial Institutions and the City Pension Funds during the 1981 and 1982 fiscal years, (ii) sales to the public of $1.85 billion of the Corporation’s bonds [$200 million] through December 31, 1984, (iii) sales of $900 million of federally guaranteed City bonds [$300 million] to the City and State Pension Funds during the 1981 and 1982 fiscal years, and (iv) public sales of $1.7 billion of City bonds [none] through its 1985 fiscal year. The Plan requires that a portion of the proceeds from the sales of the Corporation’s bonds during the City’s 1981 and 1982 fiscal years be retained by the Corporation to provide for the City’s 1983 and 1984 capital needs. The table set out below shows the sources and amounts of funds to be provided during each fiscal year through 1985 under the Plan. The Plan assumes that the City will be able to meet, through sales of its bonds, its full capital needs after its 1985 fiscal year.
### Debt Issuance Plan

**Sources of Funds**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Private Placements of the Corporation's Bonds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>City Pension Funds</td>
<td>$224,275</td>
<td>$116,125</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$340,400</td>
</tr>
<tr>
<td>Commercial Banks</td>
<td>224,275</td>
<td>116,125</td>
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<td>340,400</td>
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<td>Savings Banks</td>
<td>75,000</td>
<td>75,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>150,000</td>
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<tr>
<td>Insurance Companies</td>
<td>13,450</td>
<td>17,450</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>30,900</td>
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<tr>
<td><strong>Subtotals</strong></td>
<td>537,000(a)</td>
<td>324,700(a)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>861,700</td>
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<td><strong>Sales to the Public of the Corporation's Bonds</strong></td>
<td>400,000</td>
<td>400,000</td>
<td>400,000</td>
<td>350,000</td>
<td>300,000</td>
<td>1,850,000</td>
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<tr>
<td><strong>Private Placements of Guaranteed City Bonds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Pension Funds</td>
<td>150,000</td>
<td>300,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>450,000</td>
</tr>
<tr>
<td>State Pension Funds</td>
<td>150,000</td>
<td>300,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>450,000</td>
</tr>
<tr>
<td><strong>Subtotals</strong></td>
<td>300,000(a)</td>
<td>600,000(a)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>900,000</td>
</tr>
<tr>
<td><strong>Sales to the Public of City Bonds</strong></td>
<td>100,000</td>
<td>200,000</td>
<td>300,000</td>
<td>400,000</td>
<td>700,000</td>
<td>1,700,000</td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td>$1,337,000(c)</td>
<td>$1,524,700(d)</td>
<td>$700,000</td>
<td>$750,000</td>
<td>$1,000,000</td>
<td>$5,311,700</td>
</tr>
</tbody>
</table>

(a) To be purchased pursuant to agreements entered into in November 1978.
(b) Subject to the consent of the Secretary of the Treasury.
(c) Approximately $450 million of this amount to be retained by the Corporation for the City's fiscal 1983 and 1984 capital needs.
(d) Approximately $300 million of this amount to be retained by the Corporation for the City's fiscal 1983 and 1984 capital needs.

The actual amount of the Corporation's bonds to be issued during each fiscal year will depend upon the City's actual capital requirements, the amount which can be raised through public sales of City bonds on reasonable terms and the Corporation's requirements.

Among other factors, successful implementation of the Debt Issuance Plan is dependent upon the issuance during fiscal 1982 of the Federal guarantees in the amounts proposed. Under the agreement among the City, the Corporation and the United States of America relating to the issuance of Federal guarantees, such guarantees are to be available only to the extent that neither the City nor the Corporation is able to sell bonds to the public on reasonable terms in amounts sufficient to meet the City's capital needs for the City's 1981 and 1982 fiscal years. Because the Plan calls for a portion of the City's capital needs during the 1983 and 1984 fiscal years to be financed through public sales of the Corporation's bonds in the 1981 and 1982 fiscal years, the City and the Corporation have asked the Secretary of the Treasury pursuant to the authority given him under the Federal legislation to waive the provision of such agreement requiring the amount of the Federal guarantees in any year to be reduced by the amount of the Corporation's bonds sold publicly in such year. The Secretary waived this provision with respect to the issuance on October 2, 1980 of the $300 million of federally guaranteed City bonds. Waiver of this provision will also be required in connection with the issuance of the guarantees scheduled for the 1982 fiscal year.

If the Secretary is unwilling or unable to issue such guarantees, sales to the public of the Corporation's bonds may be required to replace the proposed sales of guaranteed bonds. In such event, substantially all of the proceeds of the sales of the Corporation's and the City's bonds during the City's 1982 fiscal year would be required to meet the City's capital needs during such year. Accordingly, an uncertainty would be created as to the ability of the City to obtain necessary capital financing for fiscal
year 1983 and thereafter. If it is not possible for the City or the Corporation to sell their bonds on reasonable terms and in sufficient amounts, there is no assurance that either the Federal government or the State would continue programs of financing assistance similar to those currently being relied upon, or that the City would be able to finance its projected capital requirements. If alternative financing is not available, the City may be required to reduce its capital programs.

The obligations of each of the purchasers to make further purchases under the agreements entered into in November 1978 pursuant to the Debt Issuance Plan, and any obligation of the United States to issue guarantees, are subject to numerous and complex conditions imposed by Federal and State legislation or contained in the agreements pursuant to which such purchases are to be made and such guarantees are to be issued. Certain of such conditions may be difficult to fulfill, and many conditions are not within the control of the Corporation or the City. If the Debt Issuance Plan does not continue to be fulfilled and an alternative financing plan is not developed, the market for and market prices of the Corporation's securities would be likely to be adversely affected.

The Corporation is currently developing a proposal pursuant to which it may fulfill a portion of its participation in the Debt Issuance Plan by the issuance of short-term, renewable commercial paper secured by a letter of credit issued by one or more commercial banks. Under the proposal, use of the letter of credit arrangement would entitle the Corporation to issue to the bank or banks issuing such letter of credit, Second Resolution Bonds in satisfaction of the Corporation's obligations thereunder.

PART 6—PAYMENT OF THE BONDS

General

The Second Resolution Bonds are general obligations of the Corporation payable out of certain pledged revenues as well as any other available revenues of the Corporation. The Second Resolution Bonds are entitled to a first lien, created by the pledge under the Second General Bond Resolution, on all moneys and securities paid or deposited into the Corporation's Bond Service Fund and Capital Reserve Aid Fund under the Second General Bond Resolution, which are held by United States Trust Company of New York, as Trustee. Such moneys and securities include the following:

(i) amounts derived from Per Capita Aid, less certain prior statutory claims, none of which has been asserted since the inception of the Corporation;

(ii) amounts derived from the Sales Tax and Stock Transfer Tax, after satisfying annual funding requirements for the Corporation's outstanding First Resolution obligations and operating expenses of the Corporation;

(iii) amounts received from the State to replenish the Capital Reserve Aid Fund, see "Maintenance of Capital Reserve Aid Fund" in this PART 6; and

(iv) any interest or income earned on investments of amounts deposited into the Bond Service Fund and Capital Reserve Aid Fund.

The amounts described in (i) and (ii) above are paid to the Corporation from two special funds established by the Finance Law and held in the custody of the State Comptroller, the Municipal Assistance State Aid Fund and Municipal Assistance Tax Fund, respectively. The Finance Law provides that the State Comptroller shall make payments from these special funds to the Corporation's Bond Service Fund and Capital Reserve Aid Fund, in accordance with certificates of the Corporation setting forth the amount and timing of its cash requirements on a quarterly basis in order to deposit these amounts in advance of interest and principal payment dates and capital reserve funding dates. (Although quarterly payments of Per Capita Aid are provided for by the Finance Law, substantially all of the Per Capita Aid payable to the Corporation is paid on an annual basis in June.) Payments of Sales Tax and Stock Transfer Tax revenues are made to the Corporation to meet requirements under the Second General Bond Resolution only to the extent such revenues are not needed to meet requirements under the First General Bond Resolution.
After the Corporation’s certified requirements have been satisfied in full for a particular quarter, excess moneys in such special funds are paid to the City. Stock Transfer Tax revenues not required by the Corporation are paid to a fund established to provide rebates of such Tax and then any excess moneys are paid to the City. Pursuant to the Finance Law, the State Comptroller may not disburse Sales or Stock Transfer Tax revenues or Per Capita Aid held by him to the City or any other entity so long as an amount certified by the Corporation as required to be paid by the date of disbursement to the City remains unpaid.

Payments to the Corporation by the State are required to be made by the State only if and to the extent that such amounts have been appropriated by the State Legislature or that revenues have otherwise been made available therefor by the State.

The holders of the Second Resolution Bonds do not have any lien on Per Capita Aid, Sales Tax or Stock Transfer Tax until the moneys derived therefrom are paid into the Corporation’s Bond Service Fund and Capital Reserve Aid Fund. The Act provides that any provisions of the Second General Bond Resolution and the Second Resolution Bonds with respect to provision for payment by the State to the Corporation of Per Capita Aid, the Sales Tax or the Stock Transfer Tax are executory only to the extent of the moneys available from time to time from such Aid and Tax sources and held by the State, which moneys shall have been theretofore appropriated to the Corporation, and no liability on account thereof shall be incurred by the State beyond the moneys available from such sources.

The Corporation currently holds substantial amounts of bonds and notes of the City and will, as required by the Act, acquire substantial additional amounts of bonds in connection with providing capital financing for the City. Such obligations held from time to time by the Corporation are not subject to the lien created by the pledge under the First or Second General Bond Resolution. In certifying its requirements, the Corporation may not take into account any amounts payable on such City obligations but not yet received by the Corporation. However, the requirements for any fund may be reduced to the extent that such moneys are received and deposited into such fund of the Corporation.
The following chart illustrates the flow of money as described above:

1 Subject to appropriation by the State Legislature.
2 Upon certification by the Corporation.
3 And operating expenses of the Corporation.
4 After deduction of the amounts needed for First Resolution debt service and capital reserve funding and operating expenses.
5 After payment of all amounts certified by the Corporation and after payment of rebates of the Stock Transfer Tax. Amounts so paid to the City are paid directly by the State.
The Corporation is a corporate governmental agency and instrumentality of the State and not of the City. The Corporation has no taxing power. The Second Resolution Bonds do not constitute an enforceable obligation, or a debt, of either the State or the City, and neither the State nor the City is liable thereon. Neither the faith and credit nor the taxing power of the State or the City is pledged to the payment of principal or interest on the Second Resolution Bonds.

If the Corporation were to become insolvent or unable to meet its debts as they mature, the Corporation could file a petition for relief under Chapter 9 of the Federal Bankruptcy Code pursuant to which the Corporation's securities could be adjusted or modified, if the Corporation were to be authorized by State law to file such a petition and if it were to meet other conditions specified in Chapter 9. The Corporation is not now authorized by the State to file a Chapter 9 petition and the Corporation does not anticipate that it will seek such authorization or need the relief provided by Chapter 9.

Appropriation by Legislature

The Finance Law provides that the State Legislature shall appropriate Per Capita Aid, the Sales Tax and the Stock Transfer Tax for the benefit of the Corporation, and the Legislature has so appropriated Per Capita Aid, the Sales Tax and the Stock Transfer Tax for each of the State's fiscal years since the inception of the Corporation. The Corporation expects that the Legislature will continue to make such appropriations so long as the Corporation's bonds are outstanding. Under the State Constitution, however, the Legislature cannot be bound or obligated to appropriate such revenues for the benefit of the Corporation.

The Corporation believes that any failure by the Legislature to make appropriations as expected would have a serious impact on the ability of the State and its agencies to raise funds in the public credit markets. See "Part 8—Certain Developments Affecting the State."

The State is not bound or obligated to continue payment of Per Capita Aid or to impose either the Sales Tax or the Stock Transfer Tax or to make any appropriations to the Corporation of the revenues received therefrom. The Second General Bond Resolution, however, provides that each of the following shall constitute an event of default with respect to the Second Resolution Bonds: (i) the failure of the State to continue to pay Per Capita Aid, as the laws relating to Per Capita Aid may be amended, or a reduction by the State of the amount of Per Capita Aid payable during any fiscal year to an amount less than the maximum annual debt service payable on the outstanding Second Resolution Bonds; (ii) the failure of the State to continue the imposition of either the Sales Tax or the Stock Transfer Tax, each imposed by the Tax Law, as such Law may be amended, or a reduction of the rates of such taxes to rates less than those in effect on July 2, 1975; or (iii) the failure of the State Comptroller to pay to the Corporation the amounts certified by the Corporation.

The Finance Law provides that in no event shall the State Comptroller pay over and distribute to the City or any other entity other than the Corporation any Sales or Stock Transfer Tax revenues or Per Capita Aid held in the special funds (other than for State administrative charges), unless and until the aggregate of all cash required by the Corporation at the date of such distribution has been appropriated and has been paid to the Corporation.

Provisions of the State Constitution and the Finance Law require the setting aside of the first revenues received that are applicable to the State's General Fund if the State Legislature fails to make an appropriation for the payment of State indebtedness. Although the Sales Tax and Stock Transfer Tax are revenues of the State, they are applicable to special funds, rather than the State's General Fund. Consequently, under existing law, the provisions requiring moneys to be set aside to pay State obligations would not apply to the Sales Tax and Stock Transfer Tax. However, Per Capita Aid is apportioned and paid from the State's General Fund and may be subject to being set aside to pay State obligations in the event the State fails to pay such obligations.

Per Capita Aid

Per Capita Aid consists of revenues that would otherwise be paid to the City as the City's share of the State's general revenue sharing program for localities throughout the State. The State has appro-
propriated moneys which have been apportioned among local governmental entities, including the City, in each year since 1946 and has provided some measure of assistance to local governments since 1800.

The apportionment of general revenue sharing among localities is based on a statutory formula which takes into account the distribution of the State's population, the total assessed valuation of real property taxable within the State, personal income, and other factors. Both the determination of the amount of statewide general revenue sharing and the apportionment of such revenue sharing among localities are legislative acts and the Legislature may amend or repeal the statutes relating to statewide general revenue sharing and the formulas which determine the amount of Per Capita Aid payable to the Corporation. Such amendments could result in the increase or decrease of the amount of Per Capita Aid available for the payment of debt service on Second Resolution Bonds. However, certain of such acts by the Legislature would be events of default under the Second General Bond Resolution, see "Appropriation by Legislature" in this Part 6. The financial condition of the State may affect the amount of Per Capita Aid appropriated by the Legislature.

The following table, which presents data obtained from the City Office of Management and Budget, the State Comptroller's office and the State Division of the Budget, indicates the aggregate payments of Per Capita Aid apportioned and paid to the City and, since 1976, to the Corporation, for the ten fiscal years ended June 30, 1980:

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<thead>
<tr>
<th>Year</th>
<th>Per Capita Aid (Dollars in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>$323,900(a)</td>
</tr>
<tr>
<td>1972</td>
<td>272,250</td>
</tr>
<tr>
<td>1973</td>
<td>331,780</td>
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<tr>
<td>1974</td>
<td>360,870</td>
</tr>
<tr>
<td>1975</td>
<td>405,118</td>
</tr>
<tr>
<td>1976</td>
<td>$434,311</td>
</tr>
<tr>
<td>1977</td>
<td>434,311(b)</td>
</tr>
<tr>
<td>1978</td>
<td>434,324(b)</td>
</tr>
<tr>
<td>1979</td>
<td>481,569(c)</td>
</tr>
<tr>
<td>1980</td>
<td>484,036(d)(e)</td>
</tr>
</tbody>
</table>

(a) Includes a non-recurring increase in Per Capita Aid apportioned because of an acceleration of payment otherwise to be made in 1972.
(b) Reflects State's ceiling on Per Capita Aid payments at the 1976 level, with certain minor modifications applicable to 1978 payments.
(c) Does not include $49,276 million paid in October 1978.
(d) Reflects State's ceiling on aid to localities for the State's 1981 fiscal year at 98% of the amount apportioned during the State's 1980 fiscal year.
(e) Does not include the City's allocable portion of $62 million of aid to localities, payment of which is conditioned upon the extension through the second quarter of the 1981 Federal fiscal year of the Federal program of revenue sharing to states.

Sales Tax

In addition to the 4% sales and compensating use taxes levied statewide, the Sales Tax is imposed within the City at the rate of 4% on receipts from most retail sales of tangible personal property and certain services. The Sales Tax is also imposed on receipts from parking, garaging or storing motor vehicles in the City at the rate of 6%. The Sales Tax is subject to certain limited exceptions, exemptions and exclusions. Under the Finance Law, the Sales Tax is paid into a special fund held by the State Comptroller on a monthly basis.

The Sales Tax is imposed on substantially the same tax base as the sales and compensating use taxes previously imposed by the City and collected by the State. A tax on sales of certain tangible personal property and services had been imposed by the City since 1934.

Collections of the Sales Tax and the sales and compensating use taxes previously imposed by the City have increased in each of the last ten years, although the primary cause of the growth of Sales Tax collections in recent years has been inflation. The level of Sales Tax receipts is necessarily dependent upon economic and demographic conditions in the City, and there can be no assurance that the historical data with respect to collections of such Tax are necessarily indicative of future receipts. The City has experienced adverse trends in certain economic and demographic factors which contributed in some years to a slowing of the growth rate of Sales Tax collections.
The following table sets forth State collections of the sales and compensating use taxes imposed by the City prior to July 1, 1975, and the Sales Tax imposed by the State since July 1, 1975, on a quarterly basis for the last ten complete fiscal years of the City, after deductions of the costs of administration, collection and distribution. Footnotes to the tables detail changes in law and administrative procedures affecting the collection and distribution of the Sales Tax which are important to an understanding of the tables.

**QUARTERLY COLLECTIONS OF SALES AND COMPENSATING USE TAXES IN THE CITY (a)**

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>Three Months Ended:</th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>September 30</td>
<td>December 31</td>
</tr>
<tr>
<td></td>
<td>(Dollars in thousands)</td>
<td></td>
</tr>
<tr>
<td>1971</td>
<td>$114,093</td>
<td>$121,190</td>
</tr>
<tr>
<td>1972</td>
<td>121,692</td>
<td>129,452</td>
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<tr>
<td>1973</td>
<td>130,857</td>
<td>129,541</td>
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<tr>
<td>1974</td>
<td>135,272</td>
<td>141,973</td>
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<tr>
<td>1975(b)</td>
<td>173,824</td>
<td>198,990</td>
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<tr>
<td>1976(c)</td>
<td>194,560</td>
<td>193,690</td>
</tr>
<tr>
<td>1977</td>
<td>215,794</td>
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<tr>
<td>1978</td>
<td>221,815</td>
<td>232,291</td>
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<tr>
<td>1979</td>
<td>232,732</td>
<td>239,852</td>
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<tr>
<td>1980</td>
<td>253,974</td>
<td>283,540</td>
</tr>
<tr>
<td>1981</td>
<td>293,581</td>
<td>313,990</td>
</tr>
</tbody>
</table>

**SOURCE:** State Department of Taxation and Finance.

(a) Commencing March 1976, quarterly collections were distributed to localities based on historical collection data. Commencing June 1980, quarterly collections are distributed to localities based on historical collection and current unverified vendor data. Subsequent quarterly distributions to localities are adjusted to compensate for overdistributions or underdistributions when data on actual collections by locality are available. Such adjustments are reflected in the table for the quarter in which the subsequent distributions are made. Since March 1976, adjustments have ranged from $493,000 to $11.1 million to reflect overdistributions for certain three-month periods and from $753,000 to $7.2 million to reflect underdistributions for other three-month periods. Periods subsequent to June 1980 remain subject to the ongoing process of adjustment.

(b) The amounts of sales and compensating use taxes collected for fiscal 1975 and all subsequent years reflect the increases in the sales and compensating use taxes from 3% to 4%, effective July 1, 1974. The 6% tax on sales of certain parking services has remained the same.

(c) Commencing March 1976, certain large vendors (those with taxable receipts of $300,000 or more in any quarter of the preceding four quarters) are required to prepay in March estimated amounts of Sales Tax liability for March in addition to filing their normal quarterly reports for the December-February quarter. Any adjustments necessary to reflect actual amounts of Sales Tax liability for the month of March are reflected in the June collection figures.

**Stock Transfer Tax**

The Stock Transfer Tax is imposed at rates ranging from 1¾¢ to 5¢ (based on the selling price per share) on sales, agreements to sell, memorandum of sale and deliveries or transfers made within the State of shares or certificates of stock and certain other certificates. The imposition of the Stock Transfer Tax is subject to certain limited exceptions and is subject to a maximum tax of $350 on any taxable transaction which involves a sale on a single day of shares or certificates of the same class issued by the same issuer.

The level of Stock Transfer Tax revenues is related to the rate of tax imposed, the price of the shares traded and the volume of transactions on the securities exchanges located in the City. Such volume has fluctuated widely so that there can be no assurance that the historical data with respect to collections of such tax are necessarily indicative of future revenues.

The Corporation believes that it is not possible to predict the effect of developments with respect to the City's economic condition or other related economic developments in the City on Stock Transfer Tax collections. The volume of taxable securities transactions in the State may be adversely affected
by (i) the evolution of a centralized nationwide securities market, (ii) the possible movement out of the State of the stock exchanges now located in the State, and (iii) other proposals which if implemented might tend to facilitate the execution of securities transactions not subject to the Stock Transfer Tax.

The revenues derived from the Stock Transfer Tax, including amounts subject to rebate as discussed below, after deduction of the costs of administration, collection and distribution of such Tax, are shown below for the previous ten complete fiscal years of the City, based upon the various rates prevailing and types of transactions taxable during the periods shown:

<table>
<thead>
<tr>
<th>Fiscal Year Ended June 30</th>
<th>Three Months Ended: (Dollars in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30</td>
</tr>
<tr>
<td>1971</td>
<td>$46,563</td>
</tr>
<tr>
<td>1972</td>
<td>62,573</td>
</tr>
<tr>
<td>1973</td>
<td>59,405</td>
</tr>
<tr>
<td>1974</td>
<td>43,612</td>
</tr>
<tr>
<td>1975</td>
<td>35,756</td>
</tr>
<tr>
<td>1976(a)</td>
<td>53,049</td>
</tr>
<tr>
<td>1977(a)</td>
<td>62,220</td>
</tr>
<tr>
<td>1978(a)</td>
<td>68,770</td>
</tr>
<tr>
<td>1979</td>
<td>112,478(a)</td>
</tr>
<tr>
<td>1980</td>
<td>107,772</td>
</tr>
<tr>
<td>1981</td>
<td>146,066</td>
</tr>
</tbody>
</table>

Source: State Department of Taxation and Finance.

(a) Includes collections of the 25% surcharge imposed upon the Stock Transfer Tax effective as of August 1, 1975, which surcharge expired July 31, 1978.

In 1977, the State enacted a program of gradually increasing rebates for all Stock Transfer Taxpayers. Rebates began October 1, 1977 with respect to transactions by non-residents subject to tax and began October 1, 1979 with respect to transactions by residents. Rebates are to increase gradually to equal 100% of the tax beginning October 1, 1981. The legislation provides that taxpayers are to continue to pay the Stock Transfer Tax at the above-stated rates and that revenues are to continue to be paid into the Stock Transfer Tax Fund, although a substantial portion of such revenues (the rebatable portion of the tax) will be paid into the Stock Transfer Tax Fund only at the end of each calendar quarter. To the extent that the Corporation does not require the use of Stock Transfer Tax revenues for debt service on its outstanding obligations, such revenues are available on a quarterly basis for payment of rebates. Any such revenues not used by the Corporation or to pay rebates are to be paid to the City.

To date, the Corporation has not found it necessary to use the revenues derived from the Stock Transfer Tax to pay its debt service. Based on present projections, the Corporation does not anticipate that it will be necessary to utilize these revenues in the future, although no assurance can be given that they will not be so required. See "PART 7—DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS."

Maintenance of Capital Reserve Aid Fund

Under the Act, additional payments are to be made by the State, subject to appropriation by the Legislature, to the Capital Reserve Aid Fund if for any reason (including a payment from such Fund to the Bond Service Fund to make up a deficiency in the Bond Service Fund) the Capital Reserve Aid
Fund falls below specified levels. The amount of any such payment, if required, is to be in accordance with a certificate of the Corporation, to be delivered on or before December 1, stating the sum, if any, required to restore the Capital Reserve Aid Fund to the required level. The specified level equals 100% of the amount of debt service payable in the succeeding calendar year on any Second Resolution Bonds then to be issued and on all other Second Resolution Bonds outstanding on the date of calculation. Such Fund is currently funded at an amount not less than the required level.

Moneys in the Capital Reserve Aid Fund may not be withdrawn at any time in such amounts as would reduce the amount of such Fund to less than the amount of debt service payable on the Second Resolution Bonds in the succeeding calendar year, except for the purpose of paying debt service on such Bonds if other moneys of the Corporation are not available.

The provision of the Act referred to above does not constitute an enforceable obligation or debt of the State and no moneys may be paid to the Corporation pursuant thereto absent an appropriation by the Legislature. See “Appropriation by Legislature” in this PART 6.
PART 7—DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS

In order to estimate coverage ratios for the Second Resolution Bonds that will be outstanding after the issuance of the Series 27 Bonds and assuming the issuance of $100 million of Series 28 Bonds, the Corporation has assumed certain amounts of Per Capita Aid and Sales Tax and Stock Transfer Tax collections. There is shown below the basis on which such amounts were calculated. The debt service payment requirements for the First and Second Resolution Bonds as well as certain coverage ratios are also shown below.

**Adjusted Per Capita Aid**

The Corporation has sought to estimate the amounts of the following potential claims and liabilities on Per Capita Aid that are payable prior to the payment of Per Capita Aid to the Corporation, although since the inception of the Corporation no such claims have been asserted.

<table>
<thead>
<tr>
<th>(Dollars in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Capita Aid available to the Corporation during the Corporation's 1980 fiscal year</td>
</tr>
<tr>
<td>Less annual potential claims and liabilities:</td>
</tr>
<tr>
<td>(a) City University Construction Fund (&quot;CUCF&quot;).</td>
</tr>
<tr>
<td>Amounts equal to 50% of CUCF's share of certain State Dormitory Authority debt service and other expenses would be a claim against Per Capita Aid if not paid by the City to CUCF. The Corporation has been informed by CUCF that such debt service and other expenses are approximately $78.91 million during its current fiscal year. State law permits a maximum claim of $65 million in any fiscal year of the City*</td>
</tr>
<tr>
<td>(b) New York City Housing Development Corporation (&quot;HDC&quot;).</td>
</tr>
<tr>
<td>Amounts required to restore the HDC capital reserve fund to the amount to be on deposit in such fund would be a claim against Per Capita Aid if not otherwise paid. The Corporation has been informed by HDC that the maximum capital reserve fund requirement on all outstanding bonds of HDC as of this date is approximately $19.9 million. HDC has outstanding $36.2 million in bond anticipation notes which, if funded by the issuance of bonds, would have the effect of increasing the maximum capital reserve fund requirement by an amount approximately equivalent to the annual debt service on the bonds issued therefor. State law currently permits a maximum claim of $50 million in any fiscal year</td>
</tr>
<tr>
<td>(c) New York City Transit Authority (&quot;NYCTA&quot;).</td>
</tr>
<tr>
<td>Amounts required to retire $5.1 million of NYCTA notes through 1982 would be a claim against Per Capita Aid if not paid by the City to NYCTA</td>
</tr>
<tr>
<td>(d) New York City Police Pension Fund.</td>
</tr>
<tr>
<td>Amounts due annually from Per Capita Aid to the Trustees of the City Police Pension Fund</td>
</tr>
<tr>
<td>Adjusted Per Capita Aid</td>
</tr>
</tbody>
</table>

*Although State law purports to limit claims on Per Capita Aid, such limitation may not be effective in the event that the then outstanding bonds of the State Dormitory Authority issued to finance CUCF facilities are accelerated pursuant to the occurrence of an event of default under the related Dormitory Authority bond resolutions. In such event, all such outstanding bonds of the Dormitory Authority could be due and payable and could, to the extent of fifty percent of such principal amount, have a prior claim on Per Capita Aid. The Dormitory Authority has outstanding $905 million in such bonds. The State has, however, enacted legislation under which it commits, subject to annual appropriation, to reimburse the City for a portion of the CUCF share of the Dormitory Authority's debt service. The portion will increase to 100% in the City's 1983 fiscal year with respect to debt issued for senior colleges.
Aggregate Sales and Stock Transfer Taxes

Assuming that the Sales Tax and Stock Transfer Tax collections (after deduction of costs of administration, collection and distribution) in each fiscal year remain at the levels for the 12 months ended December 31, 1980, see “PART 6—PAYMENT OF THE BONDS—Sales Tax” and “Stock Transfer Tax”, and operating expenses of the Corporation are $6.4 million (the estimate for the current fiscal year), the aggregate annual amount which would be available from the Sales Tax and the Stock Transfer Tax, if needed (the “Aggregate Sales and Stock Transfer Taxes”), to pay debt service of the Corporation is shown below:

(Dollars in thousands)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax collections for the 12 months ended</td>
<td>$1,206,605</td>
</tr>
<tr>
<td>December 31, 1980</td>
<td></td>
</tr>
<tr>
<td>Stock Transfer Tax collections for the 12 months</td>
<td>$576,140</td>
</tr>
<tr>
<td>ended December 31, 1980</td>
<td></td>
</tr>
<tr>
<td>Sub-total</td>
<td>$1,782,745</td>
</tr>
<tr>
<td>Less: Operating expenses of Corporation</td>
<td>6,400</td>
</tr>
<tr>
<td>Aggregate Sales and Stock Transfer Taxes</td>
<td>$1,776,345</td>
</tr>
</tbody>
</table>

Debt Service Requirements and Estimated Coverage Ratios

As shown above, Adjusted Per Capita Aid is approximately $419 million and Aggregate Sales and Stock Transfer Taxes are approximately $1,776 million, for a total of $2,195 million.

The following table shows the aggregate annual debt service payment requirements on the First Resolution obligations which have a prior claim to that of the Second Resolution Bonds on the Sales and Stock Transfer Taxes. The Series 27 Resolution, the Series 28 Resolution and certain other resolutions include a covenant by the Corporation that it will not issue any obligations under the First General Bond Resolution, if the aggregate annual debt service in any fiscal year on all obligations issued and outstanding under the First General Bond Resolution would exceed $425 million (with certain adjustments with respect to up to $25 million of small denomination obligations).

In addition, the table shows the annual principal payments, interest payments and the aggregate debt service payment requirements on all outstanding Second Resolution Bonds after giving effect to the issuance of the Series 27 Bonds and assuming the issuance of $100 million of Series 28 Bonds as of February 25, 1981. The table also shows the coverage of aggregate annual debt service on Second Resolution Bonds by all revenues (Adjusted Per Capita Aid plus Aggregate Sales and Stock Transfer Taxes) after deducting from such revenues the aggregate annual debt service requirements with respect to the First Resolution obligations.

There is no assurance that Adjusted Per Capita Aid, Aggregate Sales and Stock Transfer Taxes or operating expenses will in fact remain at the levels referred to above in subsequent years. Furthermore, the Corporation reserves the right to issue additional obligations pursuant to the First and Second General Bond Resolution within the limitations contained in such Resolutions, the Series 27 Resolution, the Series 28 Resolution and the Warrants.
**Debt Service Payment Requirements and Estimated Coverage Ratios**

(after issuance of Series 27 Bonds and assuming the issuance of $100 million Series 28 Bonds)

<table>
<thead>
<tr>
<th>12-Month Period Ended June 30</th>
<th>Total Debt Service Payment Requirements on First Resolution Obligations(a)</th>
<th>Debt Service Payment Requirements on Second Resolution Bonds</th>
<th>Estimated Coverage Ratios on Second Resolution Bonds — All Revenues after deducting Debt Service on First Resolution Obligations*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>$212,514</td>
<td>Principal Payments(a) $70,150</td>
<td>$435,292</td>
</tr>
<tr>
<td>1983</td>
<td>251,058</td>
<td>Interest Payments* $365,142</td>
<td>457,544</td>
</tr>
<tr>
<td>1985</td>
<td>280,652</td>
<td>350,682</td>
<td>521,498</td>
</tr>
<tr>
<td>1986</td>
<td>243,111</td>
<td>319,998</td>
<td>532,218</td>
</tr>
<tr>
<td>1987</td>
<td>249,121</td>
<td>301,075</td>
<td>530,890</td>
</tr>
<tr>
<td>1988</td>
<td>261,213</td>
<td>281,569</td>
<td>511,789</td>
</tr>
<tr>
<td>1989</td>
<td>358,065</td>
<td>262,252</td>
<td>494,642</td>
</tr>
<tr>
<td>1990</td>
<td>354,008</td>
<td>242,153</td>
<td>493,438</td>
</tr>
<tr>
<td>1991</td>
<td>351,531</td>
<td>220,590</td>
<td>487,405</td>
</tr>
<tr>
<td>1992</td>
<td>353,182</td>
<td>197,529</td>
<td>484,629</td>
</tr>
<tr>
<td>1993</td>
<td>351,219</td>
<td>172,603</td>
<td>487,563</td>
</tr>
<tr>
<td>1994</td>
<td>347,280</td>
<td>153,065</td>
<td>307,345</td>
</tr>
<tr>
<td>1995</td>
<td>354,543</td>
<td>138,484</td>
<td>322,284</td>
</tr>
<tr>
<td>1996</td>
<td></td>
<td>121,622</td>
<td>324,142</td>
</tr>
<tr>
<td>1997</td>
<td></td>
<td>105,249</td>
<td>277,539</td>
</tr>
<tr>
<td>1998</td>
<td></td>
<td>93,755</td>
<td>181,965</td>
</tr>
<tr>
<td>1999</td>
<td></td>
<td>85,645</td>
<td>178,380</td>
</tr>
<tr>
<td>2000</td>
<td></td>
<td>76,280</td>
<td>194,620</td>
</tr>
<tr>
<td>2001</td>
<td></td>
<td>67,439</td>
<td>145,089</td>
</tr>
<tr>
<td>2002</td>
<td></td>
<td>60,780</td>
<td>128,460</td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td>54,447</td>
<td>127,972</td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td>47,601</td>
<td>126,896</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td>40,227</td>
<td>125,797</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td>32,277</td>
<td>124,682</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td>23,701</td>
<td>123,551</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td>14,441</td>
<td>122,406</td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td>4,817</td>
<td>114,402</td>
</tr>
</tbody>
</table>

(a) Includes Sinking Fund Installments.

(b) Coverage ratios for the years 1996 to 2009 are not shown because of the relatively small amount of debt service in such years compared to the amount of revenues.

All revenues (Adjusted Per Capita Aid plus Aggregate Sales and Stock Transfer Taxes) would cover the aggregate of the debt service on all First and Second Resolution obligations, shown in the table above for the fiscal years 1982 through 1995, ranging from a low of 2.57 times in 1989 to a high of 3.39 times in 1982 and such coverages average approximately 2.88 times.

* These debt service amounts and coverage ratios are based on interest rates for the Series 27 and 28 Bonds estimated solely for purposes of this Preliminary Official Statement. The actual interest rates, debt service and coverage ratios may vary. Such variations, which are not expected to be material, will be reflected in the final Official Statement.
The Corporation anticipates that after the issuance of the Series 27 Bonds and assuming the issuance of $100 million of Series 28 Bonds, an aggregate of approximately $2.1 billion of additional First Resolution obligations and Second Resolution Bonds will be issued pursuant to the Debt Issuance Plan and that such issuance can be made within the issuance coverage tests imposed under the First and Second General Bond Resolutions, the Series 27 Resolution, the Series 28 Resolution, the Warrants and certain other resolutions of the Corporation, see "PART 2—BONDS BEING OFFERED—Additional Bonds and Notes", on the basis of the assumptions described in this PART 7 and reflected in the above coverage table.

For purposes of determining its ability to issue the Series 28 Bonds upon exercise of the Warrants, the Corporation has estimated the effect of the issues of its bonds through the Corporation's fiscal year ending June 30, 1983, such bonds having a maturity structure estimated by the Corporation on the basis of current information with respect to Debt Issuance Plan requirements. Such estimate indicates total annual debt service on Second Resolution Bonds will increase to a range of $700 million to $800 million in the late 1980's. This estimate assumes that such bonds will be issued at rates comparable to current market rates, that all bonds issued are Second Resolution Bonds and that maximum annual debt service on First Resolution Bonds will remain approximately $358 million.

In addition to the aggregate debt service payments with respect to the First Resolution obligations shown in the above table, the Corporation is required to make deposits into the Capital Reserve Fund established pursuant to the First General Bond Resolution, which Fund is currently funded at the required level.

PART 8—CERTAIN DEVELOPMENTS AFFECTING THE STATE

Although the Series 27 and 28 Bonds are not obligations of the State, financial developments with respect to the State may affect the market for and market price of the Series 27 and 28 Bonds and the Warrants and the sources of payment of the Series 27 and 28 Bonds. As described under "PART 6—PAYMENT OF THE BONDS", the revenues of the Corporation that are pledged to payment of debt service on the Second Resolution Bonds derive from Per Capita Aid and the Sales Tax and, in certain circumstances, the Stock Transfer Tax. The payment of these revenues to the Corporation is subject to appropriation by the State Legislature. The State Legislature has made appropriations to the Corporation for each of the State's fiscal years since the inception of the Corporation, including appropriations for the State's current fiscal year, and it is expected, but the Corporation has no assurance, that the State Legislature will make such appropriations for subsequent fiscal years. It is possible that the willingness of the State Legislature to make such appropriations in the future may be affected by the financial condition of the State, which may in turn depend upon the financial condition of the City. Such willingness might also be adversely affected if the Secretary of the Treasury withheld payments to the State as an offset against any claim the Secretary might have in connection with the issuance of Federal guarantees of obligations of the City. See "PART 5—DEBT ISSUANCE PLAN."

The factors affecting the State's financial condition are complex, and the following description constitutes only a brief summary. This PART 8 is based entirely on information supplied by the State.

Long-Term Trends

The State and the City face serious potential long-term economic problems. The City accounts for approximately 40% of the State's population and personal income, and the City's financial health affects the State in numerous ways.

The State has long been one of the wealthiest states in the nation. For decades, however, the State economy has grown more slowly than that of the nation as a whole, resulting in the gradual erosion of its relative economic affluence. The causes of this relative decline are varied and complex, in many cases involving national and international developments beyond the State's control. Part of the reason for the long-term relative decline in the State economy has been attributed to the combined state and local tax burden, which is among the highest in the nation. The existence of this tax burden limits the State's ability to impose higher taxes in the event of future financial difficulties.
Since the financial difficulties of the mid-1970's, attempts have been made to bring the rate of growth in the public sector in the State into line with the slower expansion in the private economy. Prior to those efforts, annual increases in expenditures at both the State and local levels exceeded the increases in revenues generated by economic growth and were therefore financed in part through tax increases at both levels of government.

The burdens of State and local taxation, in combination with the many other causes of regional economic dislocation, may have contributed to the decisions of businesses and individuals to relocate outside, or not locate within the State. In order to bring about a reversal of these trends, the State has implemented a series of tax reductions and other programs that are intended both to limit expansion in the public sector and to encourage expansion in the private sector. Such tax reductions will reduce tax receipts in the 1981 fiscal year by more than $1.6 billion below the level they would have attained without such program. No immediate reversal of the erosion of the State's economic position relative to the nation as a whole has been projected, but the State anticipates that actions taken thus far will help to reverse or slow this trend over time.

Financial Developments—Fiscal Years 1975-1980

During the last several years, some of the State's public benefit corporations (the "Authorities") and municipalities (in particular, the City) have faced extraordinary financial difficulties, which have affected the State's own financial condition. These events, including a default on short-term notes issued by the New York State Urban Development Corporation ("UDC") in February 1975, which default was cured shortly thereafter, and a continuation of the financial difficulties of the City, created substantial investor resistance to securities issued by the State and by some of its municipalities and Authorities. For a time, in late 1975 and early 1976, these difficulties resulted in a virtual closing of public credit markets for State and many State-related securities.

The State's 1976 fiscal year showed a deficit of $447 million, which was financed by transferring $65 million from reserve funds and by issuing $382 million of tax anticipation notes which were paid early in the State's succeeding fiscal year.

In response to the financial problems confronting it, the State developed and implemented programs for its 1977 fiscal year that included (i) the adoption of a balanced budget (a deficit of $92 million that actually resulted was financed by issuing notes that were paid during the first quarter of the State's 1978 fiscal year), (ii) a $4.53 billion borrowing plan, (iii) a plan (the "Authority Build-Out Plan") to meet the borrowing requirements through September 30, 1978 of four Authorities (the "Build-Out Authorities") including the New York State Housing Finance Agency ("HFHA"), and (iv) provisions for appropriations to certain Authorities as part of a program to complete projects under construction and to avoid defaults on their outstanding obligations. In addition, legislation was enacted limiting the incurrence of additional so-called "moral obligation" and certain other Authority debt, which legislation does not, however, apply to debt of the Corporation.

The 1978 fiscal year saw an improvement in the financial condition of the State, its Authorities and municipalities generally, although certain municipalities (including the City) and certain Authorities continued to face financial difficulties. The State adopted and adhered to a balanced budget, with receipts and expenditures of approximately $11.18 billion. The State also adopted and implemented a $4.96 billion borrowing plan. Nearly all of the capital financing and all of the seasonal financing were made through sales to the public at interest rates substantially lower than those that applied in the preceding fiscal year.

For its 1979 fiscal year, the State achieved a balanced budget with receipts of $11.936 billion and expenditures of $11.931 billion, after implementation of a tax reduction program and repayment of $16.2 million of the reserve funds used by the State to help meet its fiscal 1976 deficit. The State implemented a $4.14 billion borrowing plan, including $3.79 billion in seasonal borrowings, at interest rates which reflected the continued improvement in the State's financial affairs.

For its 1980 fiscal year, the State achieved a balanced budget with receipts and expenditures of $13.174 billion. The balanced budget was achieved even though the State paid $404 million of State
personal income tax refunds on returns for 1979, which were not originally projected for payment in such fiscal year. Such balance was achieved despite a growth of expenditures of 10.4% as contrasted to a 7.7% growth in receipts (adjusted for differences in refund processing and refund reserve transactions) because the State's financial results in the prior fiscal year enabled the State to prepay certain liabilities and to pay $506 million of personal income tax refunds on returns for 1978 and to increase refund reserves by $164 million as compared to net withdrawals of $182 million from refund reserves in the 1980 fiscal year. During the 1980 fiscal year, the State also implemented a $3.302 billion borrowing plan including $3.1 billion in seasonal borrowings, with full access to the public credit markets.

Program for the 1981 Fiscal Year

In October 1980 the State issued a revised financial plan for the 1981 fiscal year (the "October Financial Plan") which projects that the estimated General Fund expenditures of $15.114 billion will exceed the estimated General Fund receipts of $15.087 billion by $27 million. The revised financial plan provides for expenditures projected to be incurred during the balance of the 1981 fiscal year and reserves for contingencies which may occur during the fiscal year, for some of which there are currently no appropriations, including: (i) a reserve of $100 million against an adverse Federal determination in retroactive reimbursements for certain mental hygiene services paid for by the State in prior years; (ii) the expenditure of $206 million for previously negotiated contractual salary agreements; (iii) the expenditure of $56 million for a program of State assistance for Mitchell-Lama housing; and (iv) reserves of $158 million for other expenditures and contingencies. The October Financial Plan also provides additional expenditures resulting from supplemental appropriations aggregating $225 million and for newly recommended appropriations aggregating $240 million. To the extent that the adverse impact of these contingencies or further legislative appropriations increase expenditures beyond the levels projected in the October Financial Plan, the State will take other actions generally reducing spending commitments across a wide range of activities and special efforts to maximize Federal reimbursements for State spending during the current fiscal year, in order to achieve a balanced financial plan for the 1981 fiscal year. The Governor has directed the Director of the Budget to reduce State expenditures during the 1981 fiscal year by $100 million below the amount reflected in the October Financial Plan, to produce a positive margin for the 1981 fiscal year.

The October Financial Plan shows increases of $149 million in expenditures and $122 million in receipts when compared with the financial plan for the 1981 fiscal year prepared in April 1980 (the "April Financial Plan"). The bulk of the change in expenditures is the result of legislative action since April and increased spending for the Judiciary under recently negotiated and to be negotiated salary agreements. The increase in receipts results from increased tax revenues, primarily from the personal income tax and business taxes, partially offset by a decline in certain Federal reimbursements for State spending on the developmentally disabled.

In May 1980, the Federal government announced its intention to reduce the cash available to the State to fund the Federal share of certain programs (primarily social services and education) by an amount in excess of $345 million. This reduction reflected the judgment of the United States Department of Health and Human Services (HHS) that the State used such amount in prior periods in excess of its legitimate authority to do so. Such action was contested in the Federal courts and the State was successful in prohibiting HHS from taking such action until the merits of the State's case were decided through administrative process. Such administrative process is now underway. On the basis of events to date, the State's best estimate of the potential exposure in this matter approximates $300 million during the 1981 fiscal year. Approximately two-thirds of this amount represents money received and used by the State that may be subject to recapture by the Federal government. It is this amount against which the State is holding the $100 million reserve. The balance of the money reflects loss of ongoing reimbursement for State spending on mental health care anticipated at the time of the April Financial Plan. Anticipated receipts in this category have been reduced in the October Financial Plan.

At the time of the release of the October Financial Plan the State also projected a baseline budget gap of $790 million for the 1982 fiscal year. The State also discussed some of the factors that it
expects will affect receipts and expenditures in the 1982 fiscal year. These include expenditure commitments that approach $1.1 billion, and offsets to anticipated revenues that include the loss of Federal revenue sharing and certain nonrecurring revenues used to finance the 1981 budget and the continuing impact of the multi-year tax reduction program that concludes in 1981.

Thus, the achievement of a balanced State financial plan in 1982 will be more difficult than in the immediately preceding three fiscal years. The State will issue a revised financial plan for the 1981 fiscal year and the recommended financial plan for the 1982 fiscal year in the Governor's Executive Budget which is scheduled to be issued in mid-January. As presentation of a balanced financial plan is required by the State Constitution submission of a balanced 1982 financial plan is expected to be accomplished.

Problems of Authorities and Localities

The fiscal stability of the State is related, at least in part, to the fiscal stability of its localities and Authorities. Various Authorities have issued bonds secured, in part, by non-binding statutory provisions for State appropriations to maintain various debt service reserve funds established for such bonds (commonly referred to as “moral obligation” provisions).

During its 1979 fiscal year, the State developed a new borrowing plan for the Build-Out Authorities (“Build-Out Plan II”) to provide the Build-Out Authorities with commitments for $1.2 billion of financing assistance, primarily short-term, through September 30, 1980 by sales of notes and bonds to private and State-related sources. Substantially all of this amount related to programs that involve State lease-purchase arrangements or “moral obligation” provisions. Certain of the State-related sources that participated in the Build-Out Plans have provided $443 million in commitments for short-term investments through September 30, 1981, which commitments exceed the outstanding remaining needs of the Build-Out Authorities of $247 million as of September 30, 1980. As of November 1, 1980, the estimated financing needs of the Build-Out Authorities had been reduced to $43.3 through sales of long term bonds and the commitments of the State-related sources had been reduced to $202.7 million. If the Build-Out Authorities are then unable to renew such bond anticipation notes or sell bonds to the public prior to such date, other actions will be necessary to meet payments for maturing notes and construction payments.

Several Authorities, especially those with State-supported housing programs, still face potentially serious financial problems. HFA, in particular, continues to face significant financial difficulties with some of the projects on which it holds mortgages, which could affect its ability to meet debt service on obligations issued under one or more of its housing programs. Co-op City, a major project on which the HFA holds a $390 million mortgage, has defaulted on certain payments due HFA. A six year work-out plan contingent upon enactment of certain State legislation has been negotiated between HFA and Co-op City.

On December 1, 1980, the Governor signed legislation creating a housing project repair fund, authorizing HFA to enter into mortgage modification agreements aimed at the attainment of economic rent over a period of years, appropriating $15 million to fund the housing project repair fund and appropriating $24.3 million to replenish HFA’s non-profit housing and general housing debt service reserve funds for amounts withdrawn on May 1 and November 1, 1980. HFA is currently examining the extent to which such legislation meets the conditions set forth in the proposed agreement, and is developing a plan to implement the legislation.

As a result in part of its difficulties with some of its projects, HFA withdrew funds from certain of its debt service reserve funds securing the payment of debt service on certain of its bonds. To date, the Legislature has appropriated all amounts required (approximately $45.4 million, including $24.3 million in its 1981 fiscal year) under the “moral obligation” provision of the HFA legislation to replenish HFA’s debt service reserve funds. In the event of future difficulties with Co-op City or other HFA projects, withdrawals from HFA’s debt service reserve funds will probably be required, and the Legislature may be called upon to replenish those funds.

The City has instituted a foreclosure suit against the mortgagor and owner of Co-op City for non-payment of real property taxes. If the City’s action is successful and the tax arrears are not paid, HFA would lose its security interest in the property, subject to a limited right of redemption.
UDC has approximately $1 billion of obligations outstanding and cannot meet its debt service without continuation of annual appropriations from the State made pursuant to the “moral obligation” provision of the UDC legislation or otherwise. In early 1979, the State Comptroller made projections that indicate that the required State appropriations through its 1988 fiscal year could total in excess of $300 million. UDC has issued new revenue bonds to finance the purchase of certain of its outstanding bonds. This action will result in reduced annual debt service requirements through 1984. This reduction will result in a proportionate reduction in UDC’s reliance on annual State appropriations for such period.

Battery Park City Authority (“BPCA”) has $198 million of outstanding bonds secured in part by the State’s “moral obligation” and has paid out a major portion of the bond proceeds for site acquisition and development for its proposed residential and commercial project in the City and for administrative expenses and debt service. No definite financing for the construction of any revenue producing facility sufficient to enable BPCA to meet its obligations on its outstanding bonds has been obtained. BPCA projects that even if the construction of revenue-producing facilities were to begin immediately, and assuming minimum expenditures for site development to support such facilities and administrative costs, BPCA’s annual debt service payments of approximately $14.3 million will exhaust its financial resources before it can become self sufficient. In addition, BPCA does not believe that it has the power to use bond proceeds to make scheduled principal payments on its bonds, the first payment of which came due November 1, 1980 in the amount of $1.8 million. The payment was made with State funds appropriated by the Legislature in 1980 for such purpose. BPCA’s annual debt service payments could exhaust its financial resources in 1984 while essentially all of its debt remains outstanding. Unless the Legislature provides additional appropriations to BPCA or additional sources of revenue for BPCA are obtained, BPCA would probably be compelled to withdraw money from its debt service reserve fund to make future payments and the State would then be called upon to replenish the fund pursuant to the “moral obligation” provision. In November 1979, the Governor, the Mayor of New York City and UDC announced an agreement that is expected to facilitate the development of the BPCA site. Pursuant to the agreement, UDC acquired title to the site from the City in May 1980 and has developed a new master plan for the site designed to promote early commercial and residential development. This agreement provides for the State to share in the development costs of the site. In May 1980, BPCA issued $97.5 million in construction loan bonds (“CLB’s”) and $95.5 million in housing revenue bonds to finance residential construction at the site.

A ruling of the Internal Revenue Service (“IRS”) issued November 7, 1980 raised questions with respect to the tax exempt status of interest on notes of a character similar to the CLBs. No determination of taxability as to any holder of CLBs has been made. Efforts are being made to have the IRS declare the ruling nonretroactive. If such nonretroactive declaration is not made, it is not possible to determine the effect, if any, on the market for securities of the State and its authorities and localities.

The New York State Energy Research and Development Authority (“ERDA”) may be required to decommission and decontaminate a nuclear waste storage center owned by it. Federal legislation for disposition of certain waste stored at the center has recently been enacted which provides for at least 90% Federal funding of the costs of such disposition. ERDA may be required to contribute some funds to decommission and decontaminate the center. To the extent that ERDA is unable to provide its share of decommissioning and decontaminating the site the State may be required to provide such funds.

Another problem faced by Authorities is that future increases in operating costs and interest rates may result in a need for increased rents, fees or user charges in Authority-financed projects, particularly residential housing projects and medical care facilities. Inability or unwillingness to pass increased costs on to residents or users of such projects would adversely affect the fiscal stability of the Authorities, and possibly cause the State to be requested to make appropriations to support such projects. There is no assurance, however, that the Legislature would make such appropriations.

Failure of the State to appropriate necessary amounts or to take other action to permit the Authorities, especially the Build-Out Authorities, to meet their obligations or the failure of the extension of Build-
Out Plan II to meet its objectives could result in a default by one or more of the Authorities. If a default were to occur, it would likely have a significant adverse effect on the market price of obligations of the State and its Authorities, including the Corporation.

Certain localities other than the City may face financial problems during the State’s 1980 fiscal year and thereafter. The anticipated and potential problems stem in part from litigations and judicial decisions relating to property tax assessments and rates and pension contributions by such localities as well as from longer range economic trends. Such factors may result in the inability of certain localities to achieve balanced budgets during the State’s 1981 fiscal year. Legislation has been enacted to provide additional State aid to certain localities during the State’s 1981 fiscal year.

Litigation

Certain litigations pending against the State or its officers or employees could have a substantial or long-term, adverse effect on State finances. Among the more significant of these litigations are those that involve: (i) the constitutionality of the present system of apportioning state assistance among public school districts; (ii) the validity of certain State Tax Commission interpretations of several provisions of the State’s sales tax law; (iii) the validity and fairness of agreements and treaties by which the Oneida and Cayuga Indians transferred title to the State to approximately 6 million acres of land in central New York; (iv) the constitutionality of State legislation providing for a gross receipts tax on oil company revenues; (v) certain aspects of the State’s Medicaid rates and regulations, including standards for determining medical assistance eligibility and reimbursements to providers of Medicaid services; (vi) 1977 legislation requiring the deduction from State aid otherwise due school districts of an amount equal to distributions to such districts from a fund formerly held by certain insurance companies; (vii) the level of public assistance grants; (viii) the treatment provided at several State Mental Hygiene facilities and the alleged differentiation between institutionalized and non-institutionalized retarded children in the State’s provision of assistance for at-home care by family members; (ix) the conduct of the State, HFA, and the State Commissioner of Housing and Community Renewal in the construction, financing, supervision and management of Co-op City; (x) the fulfillment by the State of various obligations arising out of contracts entered into by the State Department of Transportation; (xi) the State’s action in recouping certain Social Services aid from New York City and to enjoin the State from recouping additional such aid from the City; (xii) contamination in the Love Canal area of Niagara Falls; (xiii) the valuation of a major utility company’s franchise in 43 municipalities and the taxes based on such valuation; (xiv) the constitutionality of State legislation providing for construction of a new stock exchange facility in New York City, financed in part by State appropriations to the UDC; (xv) the State’s method of determining the level of learning disability which is required before children become eligible for educational assistance for handicapped children and (xvi) the constitutionality of the expenditure by the State of certain funds in the State treasury received from the Federal government.

In 1978, the State Court of Appeals held unconstitutional State legislation that authorized certain cities and school districts to impose a special increase of real property tax rates in order to raise funds for pension contributions and for certain other uses. Over $100 million annually was collected pursuant to rates in excess of the State constitutional limits in reliance on this legislation. State loans aggregating up to $52 million were authorized to be made in the 1980 fiscal year for certain school districts; approximately $20 million of such loans were made in April 1979. Such loans have also been authorized for the 1981 fiscal year for certain school districts and were made during May 1980.

PART 9—CERTAIN DEVELOPMENTS AFFECTING THE CITY

Although bonds of the Corporation are not obligations of the City, financial developments with respect to the City may affect the market for or market prices of the Corporation’s securities. The Corporation believes that its ability to repay the Second Resolution Bonds is not dependent upon the financial condition of the City. However, economic and demographic conditions in the City may affect the levels of Sales Tax receipts and Per Capita Aid. During the time the Series 27 and 28 Bonds are outstanding, financial developments and other matters concerning the City will be the subject of reviews.
and reports by various agencies of Federal and State Government, see “PART 10—VARIOUS CONTROL PROGRAMS.”

This section describes the City's actual operating results for the first quarter of fiscal 1981 and projections for the remainder of the year, major assumptions and uncertainties with respect to such projections, and some of the financial difficulties the City is expected to face in the future. It provides only a brief summary of the complex factors affecting the City's financial condition. This section is based entirely on information reported to the Corporation by the City, the Control Board, and the Office of the Special Deputy Comptroller, or as presented in the City's four year financial plans or the Official Statements prepared by the City in connection with the issuance of its securities; or contained in other reports and statements referred to herein.

Recent Financial History

During 1975 the City became unable to market its securities and entered a period of extraordinary financial difficulties. In response to this crisis, the State created the Corporation and enacted the Emergency Act, which created the Control Board. See “PART 10—VARIOUS CONTROL PROGRAMS.” Among other State actions was an advance to the City at the end of the City's 1975 fiscal year of $800 million of State assistance moneys due the City in the succeeding fiscal year (an action repeated in each of the next three fiscal years).

The City took a number of steps which were intended to enable it to balance its budget and to regain access to the public credit markets. As required by the Emergency Act, these included accounting reforms and development of a three-year financial plan (the “Three Year Financial Plan”) to provide for a budget balanced in accordance with accounting principles permitted by State law by the 1978 fiscal year. State law permits two major deviations from GAAP: (1) accounting for contributions to employee retirement systems and recipients of supplemental benefits on a cash basis rather than on an accrual basis, and (2) inclusion of certain expense items in the City's Capital Budget in decreasing amounts during a phase-out period.

In order to provide both seasonal and long-term financing for the City, a number of actions were taken. The City and the Federal Government entered into an agreement which provided the City with seasonal financing until June 30, 1978. Certain City pension funds agreed to provide the City with long-term financing through June 30, 1978, by purchasing City bonds and the City's sinking funds exchanged City notes for City bonds. In addition, bonds of the Corporation were: (1) purchased by certain commercial banks and City pension funds, (2) sold to the public, and (3) exchanged for outstanding City notes. In November, 1975, the State Legislature enacted the New York State Emergency Moratorium Act, which suspended the rights of holders of short-term notes of the City to bring suit to enforce payment of such notes. The State Court of Appeals subsequently held the Moratorium Act unconstitutional and provision was made for the payment of such notes.

During the 1976 through 1978 fiscal years, the City, among other actions, took steps to reduce the number of its employees, entered into labor contracts consistent with the assumptions contained in the Three Year Financial Plan and with the wage guidelines adopted by the Control Board, began charging general tuition at the City University of New York, and received additional State and Federal aid. Under the Three Year Financial Plan, the City Comptroller reported, in accordance with the accounting principles permitted by State law, operating deficits of $968 and $329 million, for the 1976 and 1977 fiscal years, respectively. The City Comptroller has estimated that without the two major deviations from GAAP permitted by State law the reported deficits for the 1976 and 1977 fiscal years would have been approximately $1.870 billion and $1.039 billion, respectively. The financial statements for those two years, however, are unaudited and may contain substantial errors as well as other deviations from GAAP.

As required by the Act, the City's 1978 and 1979 financial statements were audited by a consortium of independent accounting firms headed by Peat, Marwick, Mitchell & Co. The statements report results both in accordance with the accounting principles permitted by State law and in accordance with GAAP.
Under the accounting principles permitted by State law, the General Fund balances for fiscal 1978 and 1979 showed surpluses of $32 million and $216 million, respectively; when reported in accordance with GAAP, the General Fund showed a deficit of $712 million and $422 million, respectively.

Although the City accomplished the budgetary and accounting objectives of the Three Year Financial Plan, it did not regain access to the public credit markets during its 1978 fiscal year. The City, the Corporation, the Control Board and others, therefore, proposed a combination of actions intended to provide for the City’s long-term financing through the 1982 fiscal year and to enable the City to reenter the public credit markets. These proposals resulted in: (1) the development of the Debt Issuance Plan and a financial plan for the 1979 through the 1982 fiscal years, (2) an extension of the Control Board, (3) an increase in the Corporation’s debt issuance authority, (4) authorization for the Federal guarantee of certain City bonds, (5) elimination of the State advance and (6) reduction of the City’s seasonal financing requirements. The State and Federal legislation necessary to undertake this program was enacted, and in November 1978 the Agreements implementing the Debt Issuance Plan were signed. For a description of some of the conditions which must be satisfied for successful implementation of the Debt Issuance Plan, see “PART 5—DEBT ISSUANCE PLAN.”

As required by the Act, the City’s 1980 financial statements were also audited by a consortium of independent accounting firms headed by Peat, Marwick, Mitchell & Co. The City’s audited year-end figures for the 1980 fiscal year indicate that operations for the 1980 fiscal year resulted in a $145 million surplus in the General Fund when reported in accordance with State law, but a deficit of $335 million when reported in accordance with GAAP. The opinion of the consortium concluded that the City’s 1980 financial statements, which for the first time included a Statement of General Fixed Assets, present fairly the financial position and results of operations of the City’s various funds in accordance with GAAP. The opinion of the consortium, as with previous years’ opinions, was subject to pending real estate tax certiorari proceedings, which, if decided adversely to the City, could have a substantial financial impact on the City. See “Litigation” in this PART 9. The opinion further stated that the City’s ability to obtain financing and balance its budget in accordance with GAAP depends on assumptions and events which cannot be assured.

Pursuant to the Act and the Emergency Act, the City is required to submit by May 11 of each year for review and approval by the Control Board a financial plan for the next four fiscal years, covering the City and certain agencies subject to the provisions of the Emergency Act (the “covered organizations”). The four year financial plan may be modified from time to time during the fiscal year upon request of the City and approval of the Control Board. The Emergency Act requires that the City provide for a budget balanced in accordance with State law through fiscal year 1981 and in accordance with GAAP thereafter.

Fiscal Years 1981-1984

The City’s four year financial Plan approved by the Control Board on September 18, 1980 (the “1981 Four Year Plan”) projects revenues and expenditures of $13.695 billion which includes the full costs of labor settlements reached by the City with its municipal workers unions and is balanced according to GAAP, one year earlier than required by State law. The 1981 Four Year Plan projects a GAAP-balanced budget for fiscal year 1981, and potential budget gaps of $733 million, $1,259 million, and $1,312 million in fiscal years 1982, 1983 and 1984, respectively, to be closed through a combination of actions to be implemented during the four year period. For fiscal years 1982 through 1984, the Plan assumes substantial increases in real estate tax revenues as a result of increased real property assessments and an increased property tax rate. The Plan also reflects wage increases of 3% for each of the 1983 and 1984 fiscal years. The projected gaps for fiscal years 1982 through 1984 do not include significant deficits which have been projected for the Transit Authority in fiscal years 1982 through 1984 and the Health and Hospitals Corporation for fiscal years 1983 to 1984.

The City has proposed a combination of gap-closing actions which, if realized, would produce GAAP-balanced budgets in each of the 1982 through 1984 fiscal years. These actions include further expenditure reductions, revenue enhancement programs such as expansion of the scope of the Off Track
Betting Corporation ("OTB") to include "sports betting" estimated to provide approximately $75 million each year, $32 million per year from accelerated payment of real estate taxes, debt service savings of $50 million per year, new State aid of $136 million, $209 million and $283 million for fiscal years 1982 through 1984, respectively, and new Federal aid of $200 million, $640 million and $710 million for each of those years, respectively. The City has also proposed a contingency program consisting of increased taxes and further expenditure reductions totalling $200 million in fiscal year 1982, and $500 million in fiscal years 1983 and 1984 including receipt of additional State aid for the latter two years.

In connection with the approval of the 1981 Four Year Plan, the City (1) provided an additional program of expenditure reductions which could, if necessary, be implemented in fiscal year 1981 to produce annual savings of $100 million in fiscal year 1982 and (2) provided specific details of its $200 million contingency program for fiscal year 1982. The staff of the Control Board in a report on the 1981 Four Year Plan stated that, although there are potential risks, the contingency program and the program of expenditure reduction make the projected fiscal 1982 budget gap manageable. The report warned, however, that certain factors which contributed to the City's past budgetary successes cannot be expected to continue to provide substantial benefits in the future. The report also stated that in order to achieve recurring balanced budgets for fiscal years 1983 and 1984 the City must focus on reducing further the growth of City expenditures through the development of new approaches to long-range financial planning.

The office of the Special Deputy Comptroller has issued a report on the 1981 Four Year Plan based upon actual operating results for the first quarter of such year. The report projects a fiscal 1981 budgetary surplus in accordance with GAAP of between $87 and 286 million, including the $100 million budgeted general reserve. The report concludes that the projected surplus arises primarily from better than expected local tax revenues which will be offset by only minor slippage in realization of the City's planned expenditure reductions for fiscal 1981. After consideration of the first quarter results for fiscal 1981, the report projects a revised budget gap for fiscal 1982 of $570 million, rather than the $733 million budget gap projected in the 1981 Four Year Plan, and that there are potential gap closing actions within the City's control which could further reduce the gap to $308 million. The report's projected reduction of the budget gap for fiscal 1982, however, is based upon numerous uncertainties regarding (i) revenue enhancements requiring legislative and other approvals, (ii) potential shortfalls in assumed State and Federal aid, (iii) savings from expenditure reductions yet to be implemented, and (iv) potential deficits within the Transit Authority, the Board of Education and the Health and Hospitals Corporation, among others. For fiscal years 1983 and 1984, the report cited similar concerns, adding that the City's provision for wage increases in those years may prove to be inadequate. The report stated that budgetary relief may be obtained in fiscal years 1982 through 1984 from better than expected local tax revenues and under-spending of planned expenditures. Considerably greater potential risks exist in the City's Plan for fiscal years 1983 and 1984 as a result of a potentially larger than projected labor settlement covering those years and the City's projections of increased growth in new Federal and State aid in fiscal 1983 and 1984.

The 1981 Four Year Plan is based on numerous assumptions which could, if not realized, result in either increased budget gaps or shortfalls in gap closing and contingency programs.

On January 16, 1981, the City is expected to submit a modification of the 1981 Four Year Plan to the Control Board. It is anticipated that this modification will reflect the extent to which, if any, the $100 million of contingent expenditure reductions will be implemented during fiscal 1981 to reduce the then projected budget gap for fiscal 1982, and to specify further the components of the $200 million contingency program for that year.

**Litigation**

The notes to the City's audited financial statements for the 1980 fiscal year report that the City is a defendant in a significant number of lawsuits pertaining to material matters including those claims asserted which are incidental to performing routine governmental and other functions. As of June 30, 1980, claims in excess of $22 billion were outstanding against the City for which the City estimated its
aggregate potential future liability to be $590 million. The 1981 Four Year Plan contains provisions for the settlement of judgments and claims, other than the real estate tax certiorari proceedings described below, in the amount of $65 million in each of the 1981 through 1984 fiscal years.

Numerous real estate tax certiorari proceedings are presently pending against the City on grounds of alleged overvaluation of assessed property, inequality of assessments and illegality of assessments. Similar litigation has been commenced in other localities in the State, and in certain localities court decisions have been adverse to the taxing authority. An adverse decision to the City involving this issue could have a substantial adverse impact on the City. The City has reported that as of June 30, 1980, the estimated potential exposure to the City in these cases could amount to approximately $1.6 billion. Provision was made in the City's 1981 Four Year Plan for estimated adjustments for overpayments of real estate taxes in amounts of approximately $40 million annually in the 1981 through 1984 fiscal years. Remedial legislation has been enacted by the State to limit and reduce such liability; however, this legislation is also being challenged and has been held to be unconstitutional in certain lower court decisions. On May 29, 1980, the State Supreme Court, New York County, held that the City's classified system of taxation was authorized by special legislation. In view of this special legislation governing special assessments, and challenges thereto, the court stated that the 1978 and 1979 remedial legislation is not relevant in proceedings involving City assessments.

In an action currently pending, a retired City teacher seeks, among other relief, to enjoin further investments by the Teacher's Retirement System of The City of New York (the "TRS") in obligations of the City and to rescind previous purchases of obligations of the City and of the Corporation. On November 30, 1978, the United States Court of Appeals for the Second Circuit, without discussing the merits of the plaintiff's claim, reversed, in part, a lower court's dismissal of the suit and held that a retired teacher, as a beneficiary of the TRS, has standing to assert his claim that the TRS trustees violated the anti-fraud provisions of the Federal securities laws in connection with such purchases. On July 19, 1979, the Second Circuit denied the TRS trustees' petition for a rehearing. On December 10, 1979, the United States Supreme Court denied the request of the TRS trustees for a writ of certiorari. On March 31, 1980, plaintiff served an amended complaint naming the TRS trustees, certain banks, and the Governor as defendants. Plaintiff, among other things, seeks (i) damages for the loss incurred by selling TRS securities and purchasing City securities and the loss of interest resulting from the exchange of bonds of the Corporation, (ii) a judgment requiring the defendants to fund fully certain reserve funds and to segregate and not commingle those funds with other assets of the City and (iii) a judgment restoring certain investment standards with regard to such reserve funds. On May 20, 1980, the City answered the amended complaint in part, denying all material allegations and all liability, and moved to dismiss such complaint in part. An adverse decision in this action could deprive the City of funds under the Debt Issuance Plan.

On October 31, 1979, a suit was filed in Federal District Court for the Eastern District of New York challenging the State Department of Education's implementation of Federal regulations regarding the public education of children with learning disabilities. Among other things, plaintiffs alleged that the State Department of Education's interpretation of the term "severe," which appears in a Federal regulation relating to the required level of learning disability in children, is too narrow as applied to the qualification of children in the State for educational assistance for handicapped children. The City is presently not a party to this action. On June 30, 1980, the court found for plaintiffs. The City has been informed that the State has appealed this decision to the Second Circuit Court of Appeals. Because a final decision adverse to the Department of Education in this case could result in many more children so qualifying and a concomitant mandatory substantial increase in expenditures by the City's Board of Education, the City has filed a brief as amicus curiae.

Federal Bankruptcy Legislation

The City projects meeting its cash needs through the 1985 fiscal year from its own revenues, Federal and State aid, seasonal borrowings, and the sale of the City's and the Corporation's bonds pursuant to the Debt Issuance Plan. If the City's cash sources are insufficient to meet its obligations, Federal and State statutes provide for certain remedies under Chapter 9 of the Federal Bankruptcy Code.
Chapter 9 permits any State political subdivision or agency to file a petition for relief under its provisions if the subdivision or agency is authorized to do so by State law. Both the City and the Control Board (on behalf of the City) are so authorized, and either could file such a petition if the City were (a) insolvent or unable to meet its debts as they mature, (b) desirous of effecting a plan to adjust its debts, and (c) able to meet the other prerequisites for filing a Chapter 9 petition with respect to negotiations between the City and its creditors and other matters. Any plan to adjust the City’s debts would become effective only upon Court approval, after the requisite approval by creditors of the City has been obtained.

If a Chapter 9 petition were filed, certain financial institutions and City pension funds would not be required to purchase bonds of the Corporation; and the Secretary of the Treasury could refuse to guarantee any additional City bonds.

Although the filing of such petition might have a general adverse effect on the economic health of the City, the Corporation believes that such a filing would not have a materially adverse effect on the Corporation’s ability to repay its obligations, including the Series 27 and 28 Bonds. The filing of such a petition, as with other financial developments with respect to the City, might affect the market for and market prices of the Corporation’s securities.

PART 10—VARIOUS CONTROL PROGRAMS

This PART describes the powers of the Corporation to aid the City, the requirements imposed upon the City by the Act and the Emergency Act, and the powers of the Corporation and the Control Board to review and take action with respect to the City’s compliance with such requirements.

The Corporation

The Act authorizes the Corporation to make direct payments to or purchase obligations of the City. At the time of any payment to the City, the City is required to agree to observe and perform a number of statutory conditions which the Corporation may modify from time to time, but may not waive. The Act provides that the statutory conditions, as modified by the Corporation and agreed to by the City, shall cease to apply when all bonds and notes of the Corporation have been repaid or such repayment is provided for as specified in the Act.

The statutory conditions are designed to (i) reform and unify the City’s system of accounting, (ii) provide independent review of the City’s expenditures, and (iii) establish limits and controls over the City’s debt-incurring power. These conditions, and the City’s compliance therewith to date, may be briefly summarized as follows:

(i) The City has adopted as its method of accounting the accounting principles permitted by State law. The City’s audited financial statements provided to the Corporation for the City’s 1978, 1979 and 1980 fiscal years were prepared and those to be prepared for each subsequent fiscal year are to be prepared in accordance with GAAP, with the adjustments necessary to show results in accordance with the accounting principles permitted by State law for fiscal years through 1981.

(ii) The Act requires the City to comply with various provisions of the Emergency Act relating to balanced budgets, provisions for debt service and other financial requirements. The City is required to submit its proposed operating budgets (and any subsequent increases in expenditures therein) and operations reports for each fiscal year and each quarter to the Corporation for review to determine whether the City is adhering to an operating budget in which revenues equal or exceed expenditures under the accounting principles permitted by State law.

(iii) The Act sets forth limitations for the issuance by the City of its short-term notes. The Corporation is required to police these limitations by making an advance determination as to whether a proposed issuance of short-term obligations by the City violates these limitations and by reporting any adverse determination to the City Comptroller, who is then prohibited from issuing such obligations. The Corporation anticipates that these limitations will not prevent the City from issuing any short-term obligations to meet its seasonal needs.
If the Board of Directors of the Corporation determines, after review of the City's books and records and consultation with the Mayor, that the City's operating budget will not be balanced in accordance with State law, or that any of the conditions summarized above have not been fulfilled or should be modified, the Corporation must notify the Governor, the Mayor and certain other State and City officials and must disclose such determinations to the public.

Control Board

The Control Board, created pursuant to the Emergency Act in 1975, is composed of the Governor and the Comptroller of the State, the Mayor and the Comptroller of the City and three appointees of the Governor: G. G. Michelson, Stanley S. Shuman and Lee P. Oberst. Comer S. Coppie is the Executive Director of the Control Board. Sidney Schwartz is Special Deputy State Comptroller and assists the Control Board and the Corporation in carrying out their functions.

The most significant powers of the Control Board are exercisable during a “control period,” defined in the Emergency Act to mean the period ending when (i) there is no longer effective or outstanding any Federal guarantee (see “PART 5—DEBT ISSUANCE PLAN”), (ii) the Control Board has determined that the City has adopted and adhered to an operating budget balanced in accordance with GAAP for each of the three immediately preceding fiscal years, and (iii) the State and City Comptrollers have jointly certified that securities sold by or for the benefit of the City during the preceding and current fiscal year in the public market satisfied the capital and seasonal financing requirements of the City during such period and that there is a substantial likelihood that such securities can be sold in the public credit markets through the end of the next succeeding fiscal year in amounts that will satisfy substantially all of the capital and seasonal financing requirements of the City during such period. Thereafter, a control period is to be reimposed by the Control Board at such times and for such durations as are made necessary by the actual (or substantially likely and imminent) occurrence of certain events relating to the City’s ability to pay debt service on its bonds and notes when due or its ability to adopt or adhere to a balanced operating budget or to satisfy its capital and seasonal financing needs in the public credit markets. After the termination of a control period, the Control Board is required to consider annually whether, in its judgment, any of the specified events has occurred. No control period may extend beyond the earlier of (i) July 1, 2008 or (ii) such date as no bonds or notes containing the 1978 State Covenant remain outstanding and there is no longer effective or outstanding any Federal guarantee.

During a control period, the four year financial plans for the City and the covered organizations, including modifications thereof, are subject to review and approval by the Control Board. In addition, the Control Board must formulate and adopt a financial plan, in the event a plan shall not have been approved prior to the beginning of the first fiscal year covered by such plan, and may modify a plan, in the event a modification required pursuant to the Emergency Act shall not have been approved within the time period specified by such Act. The Control Board is required to disapprove a financial plan or financial plan modification if the plan or modification is incomplete or fails to comply with the applicable standards specified in the Emergency Act, except that the Control Board may authorize a method of phasing into the operating budgets the requirements of any changes in GAAP over a reasonable period if immediate compliance would cause a substantial adverse impact on the delivery of essential services. The Control Board may also approve modifications to a financial plan that would cause the financial plan to no longer be in compliance with the applicable standards if compliance would result in a material adverse impact upon the delivery of essential services because of unforeseen events during the fiscal year. Beginning with the 1983 fiscal year, any deficit in the results of the City’s operations must be provided for in the following fiscal year.

The Control Board’s current program for determining the City’s compliance with its financial plan includes monitoring the City’s system of monthly expenditure projections and quarterly allocations for each agency, review of cost reduction programs, and review of revenue by category on an ongoing basis.

For the duration of a control period all revenues, funds and accounts of the City and any covered organization are revenues, funds and accounts of a fund established pursuant to the Emergency Act

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(the "Board Fund") and are held for the account of the City or the appropriate covered organization except to the extent prohibited by law or previous agreement relating to outstanding securities and except for moneys deposited into the City general debt service fund or repayment accounts for tax or revenue anticipation notes. Responsibility for disbursements from and day-to-day management of the Board Fund is in the hands of the City, although the Control Board has established procedures through which it may assume immediate control of such fund, subject to certain conditions. The Control Board has the power to exempt revenues, funds or accounts from these requirements.

In addition to its responsibilities with respect to the four year financial plans, during a control period the Control Board is also charged with responsibility for the review and approval of proposed contracts and certain obligations of the City and the covered organizations, and, in coordination with the Corporation, the approval of long-term or short-term borrowing by the City or any covered organization.

PART II—AGREEMENT OF THE STATE OF NEW YORK

In the legislation which established the Corporation in 1975, the State pledged to and agreed with the holders of the Corporation's bonds, that the State will not limit or alter the rights vested by the Act in the Corporation to fulfill the terms of any agreements made with holders of any such bonds, or in any way impair the rights and remedies of such holders, until any such bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceedings by or on behalf of such holders, are fully met and discharged. The Corporation has included such pledge in the Second General Bond Resolution.

In addition, pursuant to legislation enacted in 1978, the City is authorized and the Corporation is required to include the 1978 State Covenant in any agreement with holders or guarantors of their notes or bonds. By the terms of the 1978 State Covenant, the State agrees not to take any action that will (a) substantially impair the authority of the Control Board during a control period to approve, disapprove or modify any financial plan or modification, to disapprove contracts of the City or covered organizations, to approve or disapprove proposed borrowings of the City or covered organizations, and to establish procedures for deposits to and disbursements from the Board Fund; (b) substantially impair the authority of the Control Board to review financial plans and modifications, contracts and proposed borrowings of the City or covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the Control Board so that a majority of the voting members are not elected State officials or appointees of the Governor; (e) terminate the existence of the Control Board before the earlier of July 1, 2008 or the date when all notes or bonds containing the 1978 State Covenant are no longer outstanding and there is no longer effective or outstanding any Federal guarantee; (f) substantially modify the requirement that the City's financial statements be independently audited; or (g) alter the definition of control period or substantially alter the authority of the Control Board to reposition or terminate a control period. The Emergency Act provides that the pledge and agreement of the State shall cease to be effective when notes and bonds subject to the pledge are no longer outstanding or when sufficient moneys have been set aside for their payment.

Enactment of the 1978 State Covenant was considered by the Financial Institutions to be an essential condition to their participation in the Debt Issuance Plan. In the opinion of Bond Counsel, given to the Financial Institutions and City Pension Funds pursuant to the Financing Agreement, while the matter is not free from doubt, the 1978 State Covenant is enforceable, provided a court would hold that the pledge is an "important security provision" of the bonds, "subject at all times to the proper exercise of the State's reserved police power." The enforceability of the 1978 State Covenant is subject to various factual requirements and legal uncertainties and there can be no assurance that any purchaser seeking to enforce the 1978 State Covenant will be able to meet such factual requirements or that such legal uncertainties will be resolved in favor of such enforcement.
PART 12—MANAGEMENT

Under the Act, the Corporation is administered by a Board of Directors (the "Board"), consisting of nine directors. All of the directors are appointed by the Governor with the advice and consent of the State Senate; four of the directors are appointed upon written recommendation of the Mayor. The Act also provides for the appointment of representatives to the Board (the "Representatives") by certain State or City officials or bodies politic. The Representatives are entitled to receive notice of and to attend all meetings of the Board but are not entitled to vote. In addition, the State Comptroller or his representative is entitled to attend and participate in the meetings of the Board but is not entitled to vote.

The Act provides that no director (and no Representative) may be an officer or employee of the Federal Government or of the State or of any political subdivision thereof.

The present members of the Board and the Representatives of the Corporation, and the expiration dates of their respective terms of office are as follows:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Expiration of Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Felix G. Rohatyn, Chairman</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Edward M. Kresky, Vice Chairman (1)</td>
<td>December 31, 1981</td>
</tr>
<tr>
<td>Francis J. Barry (2)</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Kenneth J. Bialkin (1) (2)</td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>George M. Brooker (2) (3)</td>
<td>December 31, 1977</td>
</tr>
<tr>
<td>Eugene J. Keilin</td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>Dick Netzer</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Andrew P. Steffan (1) (2) (3)</td>
<td>December 31, 1980</td>
</tr>
<tr>
<td>Robert C. Weaver (3)</td>
<td>December 31, 1980</td>
</tr>
</tbody>
</table>

Representatives (4)

<table>
<thead>
<tr>
<th>Names</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jerome Belson</td>
<td>Appointed by the Vice-Chairman of the City Council</td>
</tr>
<tr>
<td>John P. Holmes</td>
<td>Appointed by the Minority Leader of the State Assembly</td>
</tr>
<tr>
<td>Leonard Nadel</td>
<td>Appointed by the Speaker of the State Assembly</td>
</tr>
<tr>
<td>Richard D. Parsons</td>
<td>Appointed by the President Pro-Tem of the State Senate</td>
</tr>
<tr>
<td>Bradford J. Race, Jr.</td>
<td>Designated representative of the State Comptroller</td>
</tr>
<tr>
<td>Robert W. Seavey</td>
<td>Appointed by the Minority Leader of the State Senate</td>
</tr>
</tbody>
</table>

Heather L. Ruth is the Executive Director of the Corporation.

(1) Wertheim & Co., Inc., Smith Barney, Harris Upham & Co. Incorporated, and Shearson Loeb Rhoades Inc., with which Messrs. Kresky, Steffan and Bialkin, respectively, are affiliated as described in their biographies, may act as underwriters in connection with the sale of the Series 27 Bonds and the Warrants.

(2) Appointed upon the written recommendation of the Mayor.

(3) Messrs. Brooker, Steffan and Weaver are continuing to serve as directors until reappointed or until their successors have been appointed and qualified.

(4) Each Representative serves at the pleasure of the appointing official or body, is eligible for reappointment and holds office until his successor has been appointed.

(5) Merrill Lynch, Pierce, Fenner & Smith Incorporated, with which Ms. Ruth’s husband is a Vice President, is acting as a managing underwriter in connection with the sale of the Series 27 Bonds and the Warrants.

FELIX G. ROHATYN, Chairman. Mr. Rohatyn is a General Partner of Lazard Frères & Co., investment bankers. He is a former Governor of the New York Stock Exchange, Inc., and is a director of Eastern Airlines, Inc., International Telephone and Telegraph Corporation, Owens-Illinois, Inc., Pfizer Inc., Pechinie Ugone Kuhlmann Corporation, MCA Corporation, and Minerals and Resources Corp., Ltd. He is also a director of the New York Heart Association and the New York Philharmonic. Mr. Rohatyn is a resident of New York City.

EDWARD M. KRESKY, Vice-Chairman. Mr. Kresky is a General Partner of Wertheim & Co., investment bankers. He has been with Wertheim since 1971. From 1965 through 1971, he served as Secretary to the Metropolitan Transportation Authority of New York State. He is a member of the Boards of Security Mutual Life Insurance Company of New York, the New York State Council on the Arts and the New York City Ballet. Mr. Kresky served the Corporation as a Representative from June 1975 to January 1979. He also served as an observer to the Control Board from 1976 to January 1979. Mr. Kresky is a resident of New York City.
FRANCIS J. BARRY. Mr. Barry is President of Circle Line-Sightseeing Yachts, Inc. and other of its affiliated companies. From 1967 to date, he has served as an arbitrator for the United Marine Division of Local 333 I.L.A. of the AFL-CIO. He is a member of the Board of Directors of the New York Convention Center Operating Corporation. He is a director and a member of the Executive Committee of the New York Convention and Visitors Bureau. He is a former member of the Control Board. Mr. Barry is a resident of New York City.

KENNETH J. BIALKIN. Mr. Bialkin is a member of the law firm of Willkie Farr & Gallagher, New York, New York, and is an Adjunct Professor of Law at the New York University School of Law. He has served as Chairman of the Committee on Federal Regulation of Securities of the Section of Corporation, Banking and Business Law of the American Bar Association, and is presently Chairman-elect of such Section. He is also a Vice President and a former Chairman of the Committee on Securities and Exchanges of the New York County Lawyers' Association. He is a director of Shearson Loeb Rhoades Inc. and E. M. Warburg, Pincus & Co., Inc. Mr. Bialkin is a resident of New York City.

GEORGE M. BROOKER. Mr. Brooker is a principal stockholder and President of Webb & Brooker, Inc., a real estate management and brokerage firm. He is past President of the Greater New York Institute of Real Estate Management. He was formerly the Chairman and is currently a member of the Board of Directors of the New York Urban League. He is a director of the Regional Plan Association, a member of the Board of Governors of the Real Estate Board of New York and the Realty Advisory Board of New York. He is also a member of the Board of Governors of the Carver Democratic Club of New York City. He is a member of the Management Council, National Center Housing Management of Washington, D.C., and a director of the Realty Foundation of New York and a member of the Advisory Committee of the New York Bank for Savings. Mr. Brooker is a resident of Pelham Manor, New York.

EUGENE J. KEILIN. Mr. Keilin, Chairman of the Corporation’s Finance Committee, is a Senior Vice President of Lazard Freres & Co., investment bankers and was Executive Director of the Corporation from October 1976 to January 1979. From 1973 to 1975, he served as General Counsel of the City’s Office of Management and Budget and, from 1975 to October 1976, he was counsel to the City’s First Deputy for Finance. Prior to his employment by the City, Mr. Keilin was associated with the New York law firm of Sage, Gray, Todd & Sims. Mr. Keilin is a Lecturer in urban problems and municipal finance at Columbia Law School. He is a Trustee of the Citizens Budget Commission and the Community Council of Greater New York, and a member of the Municipal Affairs Committee of the Association of the Bar of the City of New York. Mr. Keilin is a resident of New York City.

DICK NETZER. Dr. Netzer has been Dean of the Graduate School of Public Administration of New York University since 1969. He is a nationally recognized expert in the areas of state and local government finance and urban economics and he has published extensively in each of those areas. He is a member and Vice Chairman of the Municipal Securities Rulemaking Board. He is editor of the quarterly New York Affairs and a member of numerous editorial and research advisory Boards. Mr. Netzer is a resident of New York City.

ANDREW P. STEFFAN. Mr. Steffan is a First Vice President in the Corporate Finance Department of Smith Barney, Harris Upham & Co. Incorporated. From 1972 until 1976, he was on the staff of the Securities and Exchange Commission and became the Agency’s first Director of Economic and Policy Research. He is a member of the Executive Committee of the New York District of the Securities Industry Association. Mr. Steffan is a resident of New York City.

ROBERT C. WEAVER. Dr. Weaver was Distinguished Professor of Urban Affairs at Hunter College from 1971 to 1978. He is now Distinguished Professor Emeritus. From 1966 through 1968, he was Secretary of the United States Department of Housing and Urban Development and, from 1968 through 1970, was President of Bernard M. Baruch College. He is a former member of the Board of Trustees of the Metropolitan Life Insurance Co. and the Bowery Savings Bank, and is a former Chairman of the National Association for the Advancement of Colored People. Dr. Weaver is a resident of New York City.
Jerome Belson, Representative. Mr. Belson is President and Chief Executive Officer of Jerome Belson Associates, Inc., a real estate management firm. He is also a partner in the law firm of Belson, Connolly & Belson. Mr. Belson is Chairman of the Board of Waterhouse Securities, Inc., a member of the New York Stock Exchange. He is a member of Citizens Housing and Planning Council and a Director of the Associated Builders and Owners of Greater New York, Inc., the Association for Government Assisted Housing, Inc., and the New York Metropolitan Chapter of the National Association for Housing Redevelopment Officials. Mr. Belson is a resident of New York City.

John P. Holmes, Representative. Mr. Holmes is the owner of the John P. Holmes Co., Inc., a New York-based national management consulting firm, which he founded in 1976. He is a member of the Association for a Better New York and the Iona College Board of Advisory Trustees. He is active in supporting the performing arts. Mr. Holmes is a resident of Westchester County, New York.

Leonard Nadel, Representative. Mr. Nadel, who was Senior Vice President of Abraham & Straus, a division of Federated Department Stores, Inc., until March 1978, established his own management consulting firm, Leonard Nadel Associates Inc., in New York City in April 1978. In July, 1980, Mr. Nadel joined Beldoch Industries Corporation, an apparel manufacturer, as Vice President. He is Chairman of the Board of Trustees of Adelphi University, a Trustee of Long Island Jewish-Hillside Medical Center, and he was Vice-Chairman of the Downtown Brooklyn Development Association and President of the Brooklyn Chamber of Commerce. Mr. Nadel is a resident of Roslyn, New York.

Richard D. Parsons, Representative. Mr. Parsons is a member of the firm of Patterson, Belknap, Webb & Tyler. He has been with the Patterson firm since 1977. From 1971 through 1974, Mr. Parsons served as an Assistant and First Assistant Counsel to former Governor Rockefeller. In 1975, he became Deputy Counsel to then Vice President Rockefeller and, later that year, was appointed to the White House staff as Counsel to the Domestic Council. He also serves as an observer to the Control Board. Mr. Parsons is a resident of Briarcliff Manor, New York.

Bradford J. Race, Jr., Representative. Mr. Race is an attorney with the law firm of Dewey, Ballantine, Bushby, Palmer & Wood, New York, New York, with which he has been associated since 1970. He is a member of the New York State Comptroller's Advisory Committee on New York City Fiscal Affairs, the National Association of Bond Lawyers, and the Municipal Finance Officers Association. Mr. Race is a resident of New York City.

Robert W. Seavey, Representative. Mr. Seavey is President of N.D.I., a real estate development and construction firm. He is a member of the law firm of Seavey, Fingerit & Vogel, New York, New York, a director of the Citizens Housing and Planning Council of New York, a member of the Committee on Housing and Urban Development of the Association of the Bar of The City of New York, and an Adjunct Professor of Law at Brooklyn Law School. Mr. Seavey is a resident of New York City.

Heather L. Ruth, Executive Director. Ms. Ruth has served as an analyst with the New York City Budget Bureau, and as an Assistant Administrator of the City’s Environmental Protection Administration. From 1974 until 1978, she was also a Vice President of Mathematica Policy Research, Inc., a Princeton-based research consulting firm. From 1978 until her appointment as Executive Director of the Corporation on June 25, 1980, Ms. Ruth was self-employed as a consultant to government and private clients in New York and New Jersey. Ms. Ruth resides in New York City.

PART 13—LITIGATION

The Corporation is not party to any litigation. Various actions challenging the constitutionality of the imposition and appropriation of the Sales Tax and Stock Transfer Tax to the Corporation have all been dismissed with the State’s highest court affirming the constitutionality of the Sales Tax and Stock Transfer Tax as security and sources of payment for the Corporation’s obligations. The United States Supreme Court dismissed an appeal from the State court ruling for lack of a substantial Federal question.
PART 14—SUMMARY OF CERTAIN PROVISIONS OF THE SECOND
GENERAL BOND RESOLUTION

The following is a summary of certain provisions of the Second General Bond Resolution. The
summary is not comprehensive or definitive and is subject to all of the terms and provisions of the Reso-
lution, to which reference is hereby made and copies of which are available from the Corporation. The
Capital Reserve Aid Fund is referred to hereinafter as the “Capital Reserve Fund.” Section references,
unless otherwise indicated, are to the Resolution.

Certain Defined Terms

“Bonds” means all bonds issued pursuant to the Second General Bond Resolution.

“Bond Service Fund” means the fund by that name established by Section 602.

“Capital Reserve Fund” means the fund by that name established by Section 602.

“Capital Reserve Fund Requirement” means, as of any date of calculation, the amount referred
to as the capital reserve fund requirement in subdivision 4 of Section 3036-a of the Act, including, as
provided in Section 901 for such purposes, any unpaid and matured amounts of principal and interest
on the Bonds or such larger amounts as may hereafter be authorized pursuant to the Act as amended
from time to time.

“First General Bond Resolution” means the General Bond Resolution dated July 2, 1975 as hereto-
fore and hereafter supplemented in accordance with the terms thereof.

“Fiscal Year” means any twelve consecutive calendar months commencing with the first day of
July and ending on the last day of the following June.

“Operating Expenses” means the Corporation’s expenses of carrying out and administering its
powers, duties and functions, as authorized by the Act, as then in effect, and includes administrative
expenses, legal, accounting and consultants’ services and expenses, payments to pension, retirement,
health and hospitalization funds, and any other expenses required or permitted to be paid by the
Corporation under the provisions of the Act, as then in effect, or the Resolution or the First General
Bond Resolution or otherwise.

“Operating Fund” means the fund by that name established by Section 604 of the First General
Bond Resolution.

“Outstanding” means, as of any date, Bonds theretofore or then being delivered under the provisions
of the Resolution, except: (i) any Bonds cancelled by the Trustee at or prior to such date, (ii) any
Bonds for the payment or redemption of which moneys equal to the principal amount or Redemption
Price thereof, with interest to the date of maturity or redemption date, shall be held by the Trustee
or the Paying Agents in trust, (iii) any Bonds in lieu of or in substitution for which other Bonds shall have
been delivered pursuant to Article III or Section 406 or Section 1106, and (iv) Bonds deemed to have
been defeased.

“Paying Agent” for the Bonds of any Series means the bank or trust company and its successor or
successors, appointed pursuant to the Resolution and a Series Resolution or any other resolution of
the Corporation adopted prior to authentication and delivery of the Series of Bonds for which such
Paying Agent or Paying Agents is so appointed.

“Per Capita Aid” shall mean the amounts of per capita aid payable to the City pursuant to Section
54 of the State Finance Law, as the same may be amended from time to time.

“Redemption Price” means, with respect to any Bonds, the principal amount thereof, plus the
applicable premium, if any, payable upon redemption thereof pursuant to the Resolution and the Series
Resolution.

“Resolution” means the Second General Bond Resolution as from time to time amended or
supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and
provisions thereof.

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“Revenues” means all payments to the Corporation pursuant to Sections 3036 and 3036-a of the Act except any payments to the Operating Fund.

“Serial Bonds” means the Bonds so designated in a Series Resolution.

“Series of Bonds” or “Bonds of a Series” or words of similar meaning means the Series of Bonds authorized by a Series Resolution.

“Series Resolution” means a resolution of the Corporation authorizing the issuance of a Series of Bonds in accordance with the terms and provisions thereof adopted by the Corporation in accordance with Article X of the Resolution.

“Sinking Fund Installment” means as of any date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, the amount of money required, by the relevant Series Resolution, to be paid at all events by the Corporation on a single future July 1 for the retirement of any Outstanding Bonds of that Series which mature after such July 1, but does not include any amount payable by the Corporation by reason only of the maturity of a Bond.

“Special Aid Account” means the special account created for the Corporation in the State Aid Fund.

“State” means the State of New York.

“State Aid Fund” means the Municipal Assistance State Aid Fund established pursuant to Section 92-e of the State Finance Law.

“Stock Transfer Tax” means the tax on the sale or transfer of stock or other certificates imposed by Article 12 of the Tax Law of the State.

“Supplemental Resolution” means a resolution supplemental to or amendatory of the Resolution, adopted by the Corporation in accordance with Article X of the Resolution.

“Term Bonds” means the bonds so designated in a Series Resolution and payable from Sinking Fund Installments.

“Trustee” means United States Trust Company of New York and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to the Resolution.

(Resolution, Section 101)

The Pledge Elected by the Resolution

The proceeds of sale of the Bonds, the Revenues and all Funds established by the Resolution (except for the Operating Fund) are pledged to the payment of the Bonds. The pledge created by the Resolution is subordinate to the pledge of the revenues, moneys and securities and funds pledged under the First General Bond Resolution.

(Resolution, Section 601)

Establishment of Funds

The Resolution establishes the Bond Service Fund and Capital Reserve Fund, both of which are held by the Trustee.

(Resolution, Section 602)

Application of Payments

If the amount of any payment received is less than the amount certified by the Chairman of the Corporation, such amount shall be applied pro rata to the respective Funds on the basis of the amounts as certified.

(Resolution, Section 603)
Operating Fund

The Corporation shall pay out of the Operating Fund the amounts required for the payment of Operating Expenses.

(Resolution, Section 604)

Bond Service Fund

1. On or before the business day preceding each date of a required payment on any Bonds, the Trustee shall pay, from the Bond Service Fund, to itself and the Paying Agents, the amount required for such payment.

2. If the amount in the Bond Service Fund shall be less than the amounts required to be paid pursuant to paragraph 1 above, the Trustee shall withdraw from the Capital Reserve Fund such amount as will be sufficient to make such payment.

3. As soon as practicable after the 45th day preceding the date of any Sinking Fund Installment, the Trustee shall call for redemption the specified amount of Term Bonds to be retired by such Sinking Fund Installment.

4. The Corporation may, after July 2 in any year but no less than 45 days prior to the date on which a Sinking Fund Installment is due, direct the Trustee to purchase, with moneys in the Bond Service Fund, at a price not in excess of par, plus unpaid interest accrued to the date of such purchase, Term Bonds payable from such Sinking Fund Installment. Term Bonds so purchased shall be credited against the Sinking Fund Installment due on such date.

(Resolution, Section 605)

Capital Reserve Fund

1. The Corporation shall deposit into the Capital Reserve Fund (i) all moneys paid to the Corporation pursuant to Section 3036-a of the Act for the purpose of maintaining or restoring the amount in such Fund to the Capital Reserve Fund Requirement; (ii) such portion of the proceeds of sale of Bonds as shall be prescribed by a Series Resolution; and (iii) any other moneys which may be made available to the Corporation for such purposes.

2. At any time after December 31, 1980, moneys and securities in the Capital Reserve Fund in excess of the Capital Reserve Fund Requirement, upon direction of the Corporation, may be deposited to the credit of the Bond Service Fund.

3. The Chairman of the Corporation shall annually, on or before December 1, make and deliver to the Governor and Director of the Budget of the State a certificate stating the sum, if any, required to restore the Capital Reserve Fund to an amount equal to the Capital Reserve Fund Requirement.

4. Moneys and securities held in the Capital Reserve Fund may, and at the direction of the Corporation shall, be withdrawn therefrom by the Trustee and deposited in the Bond Service Fund for the purchase or redemption of Bonds at any time; provided that subsequent to such withdrawal, the amount in the Capital Reserve Fund will not be less than the Capital Reserve Fund Requirement.

(Resolution, Section 606)

Maintenance of Certain Funds

In order to assure the maintenance of the Operating Fund, the Bond Service Fund and the Capital Reserve Fund, not less than 120 days before the beginning of each Fiscal Year (but prior to February 12 in each calendar year), the Chairman of the Corporation shall certify to the State Comptroller and to the Mayor, with a copy of such Certificate to the Trustee, a schedule setting forth the cash requirements of the Corporation for such Fiscal Year and the time or times when such cash is required, which certification shall be revised from time to time as required. The total amount so certified by such Chairman for such Fiscal Year shall be equal to: (i) the amounts which are required to maintain the Capital Reserve Fund at
the Capital Reserve Fund Requirement; (ii) the amounts required to be deposited in the Bond Service Fund to make all principal and interest payments on Bonds due during such Fiscal Year; and (iii) the amounts required to be deposited in the Operating Fund as determined by the Corporation, to meet the Operating Expenses of the Corporation during such Fiscal Year. In order further to secure the Bonds, each payment (to be made on or before April 12, June 25, October 12 and January 12) by the State Comptroller to the Corporation in accordance with such certification shall be an amount, after taking into account moneys then in the Bond Service Fund and available for purposes of the Bond Service Fund during such Fiscal Year, not less than the sum of (A) 50% of the interest on all outstanding Bonds payable within six months after the end of the quarterly period for which such payment is made plus (B) 25% of the principal and premium, if any, on all Bonds and Sinking Fund Installments of the Corporation payable within one year after the end of the quarterly period for which such payment is made and of such amount, if any, as may be required to be paid into the Capital Reserve Fund during the Fiscal Year of the Corporation of which such quarterly period is a part. Notwithstanding the foregoing, the Corporation covenanted to make the certifications referred to above at such times and in such amounts as shall be necessary to coincide with the State procedures for payment of Per Capita Aid or other sources of revenues and as shall be necessary to make the deposits required herein and to make principal and interest payments on the Bonds when due. If any increase shall occur in the cash requirements specified above, or if payments are required at a time or times earlier than previously certified, or if the City shall for any reason fail to make timely payment of the principal and accrued interest due on any obligation issued by the City to the Corporation and maturing within the same Fiscal Year, the Chairman shall certify a revised schedule of cash requirements for such Fiscal Year to the State Comptroller and to the Mayor. The schedule accompanying each certification (or revision thereof) shall provide for such payment dates as the Corporation deems appropriate to assure that sufficient funds will be available to meet the obligations of the Corporation as they become due. The Chairman shall exclude from consideration in making any such certification with respect to the funds required by the Corporation for payment of principal or of interest on the Bonds, any amounts due to be received as payment of principal of or interest on obligations of the City held by the Corporation.

(Resolution, Section 607)

Creation of Liens

The Corporation shall not issue any indebtedness, other than the Bonds secured by the Capital Reserve Fund, and shall not create any lien prior to the Bonds on the Bond Service Fund, provided, however, that nothing shall prevent the Corporation from issuing (i) indebtedness under a separate resolution if the lien created by such resolution is not prior or equal to the charge or lien created by the Resolution and (ii) obligations issued in accordance with the applicable provisions of the First General Bond Resolution.

(Resolution, Section 907)

General

The Corporation shall not amend the First General Bond Resolution in any manner which would have a material adverse effect on the Bondholders, provided, however, that nothing shall prevent the issuance of obligations upon the terms as provided in the First General Bond Resolution. No such obligations shall be issued if such issuance would cause the amounts available for debt service on the Bonds to be less than 1.2 times the maximum aggregate amount of debt service on the Bonds for each Fiscal Year of the Corporation.

(Resolution, Section 909)

Additional Obligations

The Corporation reserves the right to issue its obligations under a separate resolution so long as the same are not entitled to a prior or equal lien with respect to the moneys pledged under the Resolution or with respect to proceeds from the Per Capita Aid, the Sales Tax or the Stock Transfer Tax.

(Resolution, Section 204)
Events of Default

The Resolution provides that it shall constitute an “event of default” if:

(a) the Corporation shall default in the payment of the principal of any Bond when due; or

(b) the Corporation shall default in the payment of interest on any of the Bonds and such default shall continue for a period of 30 days; or

(c) the Corporation shall fail or refuse to comply with the provisions of the Act relating to the certification of its quarterly requirements, or the State Comptroller shall fail to pay to the Corporation any amount or amounts as shall be certified by the Chairman of the Corporation pursuant to such provisions of the Act; or

(d) the Corporation shall fail or refuse to comply with the provisions of the Act relating to the certification of the amount required to maintain the Capital Reserve Fund at the Capital Reserve Fund Requirement, or the State shall fail to appropriate and pay to the Corporation any amount or amounts as shall be certified by the Chairman pursuant to such provisions of the Act; or

(e) the Corporation shall fail or refuse to comply with the provisions of the Act, other than as provided in (c) or (d) above, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Resolution, any Series Resolution, any Supplemental Resolution, or in the Bonds, and such failure, refusal or default shall continue for a period of 45 days after written notice thereof by the holders of not less than 5% in principal amount of the Outstanding Bonds; or

(f) the State shall for any reason fail or refuse to continue the imposition of either the Sales Tax imposed by the Tax Law as the same may be from time to time amended or the Stock Transfer Tax imposed by such Law as the same may be from time to time amended or if the rates of such taxes shall be reduced to rates less than those in effect on July 2, 1975; or

(g) the State shall fail to maintain the existence of either the special account in the Municipal Assistance Tax Fund or the Stock Transfer Tax Fund; or

(h) the State shall for any reason fail or refuse to apportion and pay Per Capita Aid or shall fail to maintain the State Aid Fund and the Special Aid Account therein or shall reduce the amount of Per Capita Aid payable during the current Fiscal Year to an amount less than the maximum amount of principal of and interest on the Outstanding Bonds maturing or otherwise coming due in the current or any future Fiscal Year.

(Resolution, Section 1202)

Remedies

The Resolution vests the Trustee with all rights, powers and duties of a trustee appointed by Bondholders pursuant to the Act.

(Resolution, Section 1201)

Upon the happening and continuance of any event of default specified in paragraph (a) or (b) of Section 1202 of the Resolution, the Trustee shall proceed, or upon the happening and continuance of any event of default specified in paragraph (c), (d), (e), (f), (g) or (h) of said Section, the Trustee may proceed, and upon the written request of the holders of not less than 25% in principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such one or more of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders and to require the Corporation to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;
(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the holders of the Bonds;

(d) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds; or

(e) in accordance with the provisions of the Act (including the requirement of 30 days notice to the Governor, the Corporation and the Attorney General of the State) to declare all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the holders of not less than 25% in principal amount of the Outstanding Bonds, to annul such declaration and its consequences.

In the enforcement of any remedy under the Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due under any provision of the Resolution or a Series Resolution or of the Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder, without prejudice to any other right or remedy of the Trustee or of the Bondholders.

(Resolution, Section 1203)

**Series Resolutions and Supplemental Resolutions**

The Corporation may adopt (without the consent of any Bondholders) a Series Resolution or Supplemental Resolution not inconsistent with the Resolution, to provide for the issuance of a Series of Bonds and specify the terms thereof; to add additional covenants and agreements for the purpose of further securing the payment of the Bonds; to prescribe further limitations and restrictions on the issuance of Bonds; to surrender any right, power, or privilege reserved to the Corporation; and, with the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Resolution.

(Resolution, Section 1001)

Any of the provisions of the Resolution may be amended by a Supplemental Resolution with the written consent of the holders of at least 66⅔% in principal amount in each case of (a) all Bonds then Outstanding, and (b) if less than all the Series of Bonds then Outstanding are affected, the Bonds of each affected Series; excluding, in each case, from such consent, and from the Outstanding Bonds, the Bonds of any specific Series and maturity, if such amendment by its terms will not take effect so long as any such Bonds remain Outstanding; provided that any such amendment shall not permit a change in the terms of redemption or maturity of the principal of or any installment of interest on any such Bond or make any reduction in principal, Redemption Price, or interest without the consent of the affected holder, or reduce the percentages of consents required for a further amendment.

(Resolution, Section 1101)

Amendments may be made in any respect with the written consent of the holders of all of the Bonds then Outstanding.

(Resolution, Section 1103)

**Investment of Funds**

The Corporation may direct the Trustee to invest moneys in the Bond Service Fund and the Capital Reserve Fund in (a) direct obligations of the United States of America, direct obligations of the State or obligations the principal and interest of which are guaranteed by the United States of America or the State, (b) any obligation issued by certain Federal agencies, (c) any other obligation of the United States of America or any Federal agencies which may then be purchased with funds belonging to the State of New York or held in the State Treasury, (d) interest-bearing time deposits, and (e) repurchase agreements covering obligations of issuers enumerated as aforesaid.
The Trustee shall not be liable or responsible for the making of any authorized investment made in the manner provided in the Resolution or for any loss resulting therefrom.

(Resolution, Sections 702 and 703)

Defeasance

1. If the Corporation shall pay or cause to be paid to the holders of all Bonds and coupons then Outstanding, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the covenants, agreements and other obligations of the Corporation to the Bondholders shall be discharged and satisfied.

2. Bonds or coupons or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee or any Paying Agent (through deposit by the Corporation of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and, with the effect expressed in paragraph 1 above. All Outstanding Bonds of any Series and all coupons appertaining to such Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in such paragraph 1 above if (a) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or direct obligations of the United States of America the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay, when due, the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (b), the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to publish a notice to the effect and in accordance with the procedures provided in the Resolution. Neither direct obligations of the United States of America or moneys deposited with the Trustee nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds.

(Resolution, Section 1401)

PART 15—TRUSTEE

United States Trust Company of New York (the “Trust Company”) is the Trustee under the Second General Bond Resolution. Its principal offices are located at 45 Wall Street, New York, New York 10005. The Trustee has accepted the duties and responsibilities imposed upon it by the First and Second General Bond Resolutions and is vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to the Act. Upon the happening of an “event of default” as defined in the Second General Bond Resolution, the Trustee may, and in certain circumstances is required to, proceed to protect and enforce its rights and the rights of the Bondholders. See “PART 14—SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION.” In the performance of its duties, the Trustee is entitled to indemnification for any act which would involve it in expense or liability and will not be liable as a result of any action taken in connection with the performance of its duties except for its own negligence or default. The Trustee is protected in acting upon any direction or document believed by it to be genuine and to be signed by the proper party or parties or upon the opinion or advice of counsel. The Trustee may resign at any time upon 60 days written notice to the Corporation and publication thereof. Any such resignation shall take effect on the day specified in the notice, but in the event that a successor has been appointed, the resignation shall take effect immediately.

As of the date hereof, the Trust Company, which is a party to the Financing Agreement, owns $6.633 million of First Resolution obligations and $8.260 million of Second Resolution Bonds for its own account. The Trust Company also acts as trustee under the First General Bond Resolution and has performed, and may in the future perform, certain banking services for the Corporation, including acting as Warrant Agent for the Warrants.
PART 16—LEGAL INVESTMENT

The Second Resolution Bonds are legal investments, under present provisions of State law, for all public officers and bodies of the State and political subdivisions of the State and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks, and savings associations, including Savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatever who are now or may hereafter be authorized to invest in bonds or other obligations of the State. Pursuant to the Act, the Second Resolution Bonds may be deposited with, and may be received by, all public officers and bodies of the State and all political subdivisions thereof and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

PART 17—TAX EXEMPTION

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Series 27 Bonds is exempt from Federal income taxes, and shall at all times be free from State and City income taxes.

PART 18—LEGAL OPINIONS

All legal matters incident to the authorization, sale and delivery of the Series 27 Bonds and the Warrants are subject to the approval of Hawkins, Delafeld & Wood, New York, New York, Bond Counsel to the Corporation. The approving opinion of Bond Counsel with respect to the Series 27 Bonds will be in substantially the form attached to this Official Statement as Exhibit B. Certain legal matters, including the accuracy and completeness of this Official Statement, will be passed on for the Corporation by its General Counsel, Paul, Weiss, Rifkind, Wharton & Garrison, New York, New York. Carter, Ledyard & Milburn, New York, New York, have acted as counsel for the Trustees.

Certain matters will be passed upon for the Underwriters by their counsel, White & Case, New York, New York.

PART 19—UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase the Series 27 Bonds and the Warrants from the Corporation at a discount equal to  % from the initial public offering price. The Underwriters may offer to sell such Series 27 Bonds with Warrants to certain dealers and others at a price lower than the initial public offering price and the public offering price may be changed from time to time by the Underwriters. The Corporation has agreed to indemnify the Underwriters against certain liabilities.

Commercial banks, some of which are Underwriters, hold substantial amounts of bonds of the Corporation and the City, and such banks may, from time to time during and after the time when the Series 27 Bonds and the Warrants are being offered to the public, purchase and sell bonds of the Corporation and the City for their own respective accounts or for the accounts of others.

PART 20—FINANCIAL STATEMENTS

The audited financial statements of the Corporation as of June 30, 1980 and the accompanying report thereon by Price Waterhouse & Co., the Corporation's independent accountants, and the unaudited financial statements of the Corporation for the three months ended September 30, 1980 are annexed hereto as Exhibit A. These statements reflect transactions through the respective dates for which they were prepared and, accordingly, do not give effect to (i) the issuance of $300 million of Series 25 and 26 Bonds on October 2, 1980, (ii) the payment on October 10, 1980 of $70 million of Sales Tax revenues from the Municipal Assistance Tax Fund for Second General Bond Resolution purposes, and (iii) the payment on January 12, 1981 of $65 million of Sales Tax revenues from the Municipal Assistance Tax Fund for Second General Bond Resolution purposes. The exhibits, however, do give effect to items (i) and (ii).
Lazard Frères & Co. is acting without compensation as financial advisor to the Corporation. Felix G. Rohatyn, Chairman of the Corporation, is a General Partner of such firm, and Eugene J. Keilin, a Director of the Corporation, is a Senior Vice President of such firm.

The references herein to the Act, the Emergency Act, the Tax Law, the Finance Law, the Agreements, the First and Second General Bond Resolutions and Series Resolutions promulgated thereunder, the Warrants and the Warrant Agreement are summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to such Acts, Laws, Agreements, Resolutions and Warrants for full and complete statements of such provisions. Copies of such Acts, Laws, Agreements, Resolutions and Warrants are available at the office of the Corporation.

The delivery of this Official Statement has been duly authorized by the Corporation.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

By

Executive Director
APPENDIX

Definitions

The following are definitions of certain of the terms used in this Official Statement.

Act—New York State Municipal Assistance Corporation Act and the Municipal Assistance Corporation For The City of New York Act, each as amended to date (Sections 3001 through 3040 of the State Public Authorities Law).

Agreements—Financing Agreement and the agreements relating to the issuance of bonds by the City guaranteed by the United States of America.

Board—Board of Directors of the Corporation.

Bond Service Fund—the bond service fund established under the Second General Bond Resolution and held by the Trustee.

Capital Reserve Aid Fund—the capital reserve fund established under the Second General Bond Resolution and held by the Trustee.

Capital Reserve Fund—the capital reserve fund established under the First General Bond Resolution and held by the Trustee.

City Pension Funds—various City employee pension funds which are parties to the Financing Agreement and participants in the Debt Issuance Plan.

Control Board—New York State Financial Control Board which was created in September 1975 pursuant to the Emergency Act.

Corporation—Municipal Assistance Corporation For The City of New York.

Debt Issuance Plan—the financing plan calling for the issuance of bonds and notes of the Corporation and the City.

Emergency Act—the New York State Financial Emergency Act for the City of New York, as amended to date.

Financial Institutions—Various commercial banks, savings banks, and insurance companies which are parties to the Financing Agreement and participants in the Debt Issuance Plan.

Financing Agreement—an agreement dated as of November 15, 1978 among the Corporation, the Financial Institutions and the City Pension Funds.


First General Bond Resolution—the General Bond Resolution of the Corporation dated July 2, 1975, as amended and supplemented.

First Resolution Obligations—Bonds, Notes or Other Obligations (each as defined in the First General Bond Resolution) that are or may be issued pursuant to the First General Bond Resolution.

Fiscal Year—for the Corporation and the City, the 12 months ended June 30; for the State, the 12 months ended March 31.

Guarantee Fund—fund created in connection with the guarantee of bonds of the City by the United States of America, which, prior to the issuance of any Federal guarantees, must contain an amount equal to five percent of the sum of the principal of and one year's interest on the outstanding and then to be issued bonds of the City.
APPENDIX—(Continued)

Municipal Assistance State Aid Fund—a fund established for the Corporation pursuant to the Finance Law and in the custody of the State Comptroller into which Per Capita Aid is paid.

Municipal Assistance Tax Fund—a fund established for the Corporation pursuant to the Finance Law and in the custody of the State Comptroller into which Sales Tax and, if necessary, Stock Transfer Tax is paid.

1978 State Covenant—a covenant of the State that it will not take certain actions with respect to the Control Board.

Per Capita Aid—amounts of revenue available to the Corporation (that otherwise would have been payable to the City) from the General Fund of the State as per capita State aid pursuant to Section 54 of the Finance Law.

Sales Tax—collections of the State sales and compensating use taxes formerly imposed by the City, and now imposed by the State within the City.

Second General Bond Resolution—the second general bond resolution of the Corporation adopted November 25, 1975, as amended and supplemented.

Second Resolution Bonds—bonds that are or may be issued pursuant to the Second General Bond Resolution.

Secretary—the Secretary of the Treasury of the United States.

Series 27 Bonds—the Bonds described in this Official Statement which will be available for delivery on or about February 5, 1981.

Series 27 Resolution—the Series Resolution of the Corporation authorizing the Series 27 Bonds.

Series 28 Bonds—the Bonds described in this Official Statement which will be issued upon exercise of the Warrants.

Series 28 Resolution—the Series Resolution of the Corporation authorizing the Series 28 Bonds.

Stock Transfer Tax—collections of the State stock transfer tax.

Stock Transfer Tax Fund—the fund established for the Corporation pursuant to the Finance Law in the custody of the Commissioner of Taxation and Finance into which the Stock Transfer Tax is paid.

Tax Law—the State Tax Law of New York.

Trustee—United States Trust Company of New York, as Trustee under the Second General Bond Resolution.

Warrants—the Warrants described in this Official Statement.

Warrant Agreement—the Agreement to be dated as of February 1, 1981 between the Corporation and United States Trust Company of New York, as Warrant Agent, pursuant to which the Warrants will be issued.

Warrant Resolution—the Resolution of the Corporation authorizing the Warrant Agreement and the issuance of the Warrants thereunder.
REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
Municipal Assistance Corporation
For The City of New York

In our opinion, the accompanying Statement of Financial Position and the related Debt Service Fund, Capital Reserve Fund and Operating Fund Statements of Transactions present fairly the financial position of Municipal Assistance Corporation For The City of New York at June 30, 1980 and the Debt Service Fund, Capital Reserve Fund and Operating Fund transactions for the year then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

153 East 53rd Street
New York, N. Y. 10022
July 28, 1980

Price Waterhouse & Co.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First General Resolution Bonds</td>
<td>$2,394,923,000</td>
<td>$2,394,923,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second General Resolution Bonds</td>
<td>3,721,275,000</td>
<td>3,821,275,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Bonds Payable</td>
<td>6,116,198,000</td>
<td>6,216,198,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued interest on bonds payable</td>
<td>77,781,063</td>
<td>109,470,378</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Required Guaranty Fund balance</td>
<td>40,594,019</td>
<td>39,904,333</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued expenses</td>
<td></td>
<td>$1,382,738</td>
<td>$1,943,113</td>
<td></td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>6,234,573,082</td>
<td>1,382,738</td>
<td>6,365,572,711</td>
<td>1,943,113</td>
</tr>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>2,547</td>
<td>2,786</td>
<td>4,178</td>
<td>22,679</td>
</tr>
<tr>
<td>Investments in marketable securities</td>
<td>205,628,000</td>
<td>7,101,000</td>
<td>316,642,600</td>
<td>6,338,000</td>
</tr>
<tr>
<td>Accrued interest on marketable securities</td>
<td></td>
<td></td>
<td>225,000</td>
<td></td>
</tr>
<tr>
<td>Capital Reserve Fund assets</td>
<td>681,967,232</td>
<td>711,665,643</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guaranty Fund assets</td>
<td>43,846,626</td>
<td>44,927,976</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>931,444,405</td>
<td>7,103,786</td>
<td>1,073,465,397</td>
<td>6,360,679</td>
</tr>
<tr>
<td>Funding requirements</td>
<td>$5,303,128,677</td>
<td>($5,721,048)</td>
<td>$5,292,107,314</td>
<td>($4,417,566)</td>
</tr>
</tbody>
</table>

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MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
DEBT SERVICE AND CAPITAL RESERVE FUND

STATEMENT OF TRANSACTIONS

For the fiscal year ended June 30, 1980
(For the three months ended September 30, 1980)
(Revised)

<table>
<thead>
<tr>
<th>Description</th>
<th>Debt Service Fund</th>
<th>Capital Reserve Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal amount of bonds issued</td>
<td>$948,505,000</td>
<td>$100,000,000</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount on bonds issued</td>
<td>7,330,113</td>
<td>2,176,500</td>
</tr>
<tr>
<td>Bonds issued in exchange for First General Resolution Bonds</td>
<td>64,270,000</td>
<td></td>
</tr>
<tr>
<td>Net proceeds from issuance of bonds</td>
<td>876,904,887</td>
<td>97,823,500</td>
</tr>
<tr>
<td>Transfer to Capital Reserve Fund</td>
<td>(78,900,000)</td>
<td>(14,823,500)</td>
</tr>
<tr>
<td>Sum</td>
<td>1,390,824,877</td>
<td>130,564,889</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Debt Service Fund</th>
<th>Capital Reserve Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per capita aid received from the State of New York</td>
<td>258,400,000</td>
<td></td>
</tr>
<tr>
<td>Accrued interest received on issuance of bonds</td>
<td>81,500,000</td>
<td>810,631</td>
</tr>
<tr>
<td>Income from investments</td>
<td>35,853,963</td>
<td>51,664,889</td>
</tr>
<tr>
<td>Income from obligations of The City of New York</td>
<td>213,008,011</td>
<td>116,193,588</td>
</tr>
<tr>
<td>Total receipts</td>
<td>205,659,856</td>
<td>29,698,411</td>
</tr>
</tbody>
</table>

Expenditures:

<table>
<thead>
<tr>
<th>Description</th>
<th>Debt Service Fund</th>
<th>Capital Reserve Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disbursements to The City of New York</td>
<td>151,708,900</td>
<td></td>
</tr>
<tr>
<td>Guaranty Fund requirement</td>
<td>18,757,769</td>
<td>(689,686)</td>
</tr>
<tr>
<td>Deposit for defeasance</td>
<td>619,392,987</td>
<td></td>
</tr>
<tr>
<td>Debt Service:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on First General Resolution Bonds</td>
<td>214,264,053</td>
<td>46,668,638</td>
</tr>
<tr>
<td>Interest on Second General Resolution Bonds</td>
<td>286,265,085</td>
<td>78,357,952</td>
</tr>
<tr>
<td>Principal repayment of First General Resolution Bonds</td>
<td>35,090,000</td>
<td></td>
</tr>
<tr>
<td>Principal repayment of Second General Resolution Bonds</td>
<td>65,645,000</td>
<td></td>
</tr>
<tr>
<td>Less: Discount on purchases</td>
<td>(4,958,452)</td>
<td></td>
</tr>
<tr>
<td>Net cost</td>
<td>60,686,548</td>
<td></td>
</tr>
<tr>
<td>Total debt service</td>
<td>596,305,686</td>
<td>125,026,590</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>1,386,165,342</td>
<td>124,336,904</td>
</tr>
</tbody>
</table>

Excess of receipts over expenditures:

<table>
<thead>
<tr>
<th>Description</th>
<th>Debt Service Fund</th>
<th>Capital Reserve Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the period</td>
<td>4,659,535</td>
<td>81,322,952</td>
</tr>
<tr>
<td>Total</td>
<td>135,224,424</td>
<td>111,021,363</td>
</tr>
<tr>
<td>Net increase in debt outstanding</td>
<td>191,105,000</td>
<td>100,000,000</td>
</tr>
</tbody>
</table>

Funding requirement:

<table>
<thead>
<tr>
<th>Description</th>
<th>Debt Service Fund</th>
<th>Capital Reserve Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (Decrease) for the period</td>
<td>55,880,576</td>
<td>(11,021,363)</td>
</tr>
<tr>
<td>At beginning of period</td>
<td>5,247,248,101</td>
<td>5,303,128,677</td>
</tr>
<tr>
<td>At end of period</td>
<td>5,303,128,677</td>
<td>5,292,107,314</td>
</tr>
</tbody>
</table>

F-3
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
OPERATING FUND
STATEMENT OF TRANSACTIONS

<table>
<thead>
<tr>
<th></th>
<th>For the fiscal year ended June 30, 1980</th>
<th>For the three months ended September 30, 1980</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal Assistance Tax Fund</td>
<td>$ 2,072,116</td>
<td></td>
</tr>
<tr>
<td>Income from investments</td>
<td>874,851</td>
<td>$ 163,813</td>
</tr>
<tr>
<td>Total</td>
<td>2,946,967</td>
<td>163,813</td>
</tr>
</tbody>
</table>

Expenditures:

Debt issuance and service:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1980</th>
<th>Amount 1980</th>
</tr>
</thead>
<tbody>
<tr>
<td>Printing and public notices</td>
<td>418,965</td>
<td>155,220</td>
</tr>
<tr>
<td>Legal services</td>
<td>428,474</td>
<td>108,735</td>
</tr>
<tr>
<td>Trustee and related services</td>
<td>646,001</td>
<td>179,915</td>
</tr>
<tr>
<td>Total</td>
<td>1,493,440</td>
<td>443,870</td>
</tr>
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Oversight functions:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1980</th>
<th>Amount 1980</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of Special Deputy Comptroller</td>
<td>1,753,446</td>
<td>428,654</td>
</tr>
<tr>
<td>Financial Control Board</td>
<td>969,375</td>
<td>260,703</td>
</tr>
<tr>
<td>Total</td>
<td>2,722,821</td>
<td>689,357</td>
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</table>

General and administration:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount 1980</th>
<th>Amount 1980</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and benefits</td>
<td>554,182</td>
<td>123,341</td>
</tr>
<tr>
<td>Other personnel services</td>
<td>108,660</td>
<td>51,073</td>
</tr>
<tr>
<td>Office rental</td>
<td>91,650</td>
<td>20,485</td>
</tr>
<tr>
<td>Data processing services</td>
<td>124,566</td>
<td>36,598</td>
</tr>
<tr>
<td>Printing and distribution</td>
<td>86,897</td>
<td>54,536</td>
</tr>
<tr>
<td>Accountancy services</td>
<td>60,940</td>
<td>29,988</td>
</tr>
<tr>
<td>General office expenses</td>
<td>43,157</td>
<td>9,227</td>
</tr>
<tr>
<td>Communications</td>
<td>25,940</td>
<td>5,909</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>16,606</td>
<td>2,911</td>
</tr>
<tr>
<td>Total</td>
<td>1,112,598</td>
<td>334,068</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>5,328,859</td>
<td>1,467,295</td>
</tr>
</tbody>
</table>

Excess (deficiency) of receipts over expenditures:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the period</td>
<td>(2,381,892)</td>
<td>(1,303,482)</td>
</tr>
<tr>
<td>At beginning of period</td>
<td>8,102,940</td>
<td>5,721,048</td>
</tr>
<tr>
<td>At end of period</td>
<td>$ 5,721,048</td>
<td>$ 4,417,566</td>
</tr>
</tbody>
</table>

F-4
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS

(All data relating to September 30, 1980 and the period then ended are unaudited.)

Note 1—Organization and Functions of the Corporation:

Municipal Assistance Corporation For The City of New York (the "Corporation") is a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation. The Corporation was created by State legislation adopted in June 1975 (as amended to date, the "Act") for purposes of providing financing assistance and fiscal oversight for The City of New York (the "City"). To carry out such purposes, the Corporation, among other things, issues and sells bonds and notes to pay or loan funds received from such sales to the City and exchanges the Corporation's obligations for those of the City.

Note 2—Summary of Significant Accounting Policies:

The Debt Service Fund follows the modified accrual basis of accounting. Receipts from tax allocations are recorded as received and disbursements to the City are recorded as made. Interest income from investments and interest expense on the Corporation's debt are recorded on the accrual basis. The Corporation's debt is recorded at the principal amount of the obligations outstanding. Original issue discounts are charged to the Debt Service Fund as incurred and become part of funding requirements. Amounts required for the payment of debt service due on July 1 and January 1 are accounted for as if paid on the immediately preceding June 30 and December 31, respectively, by which dates such amounts are segregated for that purpose by the Trustee under the bond resolutions. The funding requirements of the Corporation reported in the Statement of Financial Position do not include future interest requirements.

The Operating Fund provides for the expenses of carrying out the Corporation's duties and functions and is funded from the Municipal Assistance Tax Fund. The Operating Fund accounts have been prepared on the accrual basis of accounting. The Corporation's administrative expenses of debt issuance and service are charged to the Operating Fund as incurred.

The Statement of Financial Position gives no recognition to obligations of the City held by the Corporation as described in Note 7. Interest payments and principal redemptions on such obligations are recorded as received.

Note 3—Bonds of the Corporation; Authorization, Funding, Payment and Refunded Bonds:

Debt Authorization: The Corporation is authorized by the Act to issue obligations in an aggregate principal amount of $10 billion, exclusive of obligations issued to refund outstanding obligations of the Corporation and of notes issued to enable the City to fulfill its seasonal borrowing requirements. Pursuant to the Act, new obligations of the Corporation may not mature later than July 1, 2008 and no new obligation may be issued after December 31, 1984 except to renew or refund outstanding obligations. The Corporation may issue such obligations provided their issuance would not cause certain debt service limitations and debt service coverage ratios to be exceeded.

Funding Methods: The Corporation funds its debt service requirements and operating expenses from the State's collection of sales tax imposed by the State within the City at the rates formerly imposed by the City, the stock transfer tax and certain per capita aid, subject in each case to appropriation by the State Legislature. Net collections of such taxes and per capita aid not required by the Corporation are available to the City.

All outstanding bonds are general obligations of the Corporation. The Corporation has no taxing power. The bonds are entitled to liens, created by pledges under the respective resolutions, on moneys paid into the Debt Service and Capital Reserve Funds.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS—(Continued)

(All data relating to September 30, 1980 and the period then ended are unaudited.)

Debt service for obligations issued under the First General Bond Resolution is payable from funds paid into the Debt Service Fund from the State’s Municipal Assistance Tax Fund, which is funded from revenues collected, less the State’s charges for collection and administration, from the sales tax and, if necessary, the stock transfer tax. The net revenues from such sales and stock transfer taxes which were collected by the State during the 12 months ended June 30, 1980 and September 30, 1980 amounted to $1,598 million and $1,675.9 million, respectively. Payments made to the Corporation from the Municipal Assistance Tax Fund are to be made quarterly and at such other times as the Corporation requests.

Debt service for obligations issued under the Second General Bond Resolution is payable from two sources: funds paid annually into the Debt Service Fund from the Municipal Assistance State Aid Fund, which is funded from per capita aid otherwise payable by the State to the City, and, after satisfying the debt service requirements for obligations issued under the First General Bond Resolution as described above, funds paid quarterly from the Municipal Assistance Tax Fund. Per capita aid is subject to prior claims asserted by certain other State or City entities; however, no such claims have been asserted since the inception of the Corporation. Total per capita aid paid into the Municipal Assistance State Aid Fund during the 12 months ended June 30, 1980 and September 30, 1980 amounted to $484 million.

To the extent that funds are available from investment income and other sources they may be used to reduce the Corporation’s funding requirements.

The Corporation certified to and was paid on October 10, 1980, $70 million of sales tax revenues from the Municipal Assistance Tax Fund for Second General Bond Resolution purposes.

Payment Dates: Principal payments at maturity or mandatory sinking fund calls are made February 1 and interest is paid semiannually on February 1 and August 1 for bonds outstanding under the First General Bond Resolution. Principal payments at maturity or mandatory sinking fund calls are made July 1 and interest is paid semiannually on July 1 and January 1 for bonds outstanding under the Second General Bond Resolution. The Corporation may from time to time purchase at a price equal to or less than par certain of its securities to satisfy its sinking fund requirements.

Refunded Bonds: The Corporation’s bonds may be refunded in advance of their maturity in accordance with provisions of the First and Second General Bond Resolutions by placing in trust with the Trustee sufficient moneys or certain securities which together with investment income will be sufficient to pay principal and interest when due on the bonds which have been refunded. During the year ended June 30, 1980 the Corporation issued $706.1 million of bonds to advance refund or in exchange for $656.7 million of previously issued bonds. Although they remain valid debt instruments with regard to principal and interest payable thereon from the moneys or securities placed in trust, advance refunded bonds are deemed to have been paid within the meaning of the First and Second General Bond Resolutions and are therefore no longer presented as liabilities of the Corporation. At June 30, 1980 and at September 30, 1980, approximately $709.5 million of the Corporation’s bonds which have been advance refunded remain valid debt instruments.

Note 4—Capital Reserve Fund:

The Act provides for the establishment of a Capital Reserve Fund to provide security for payment of interest on and principal of the Corporation’s bonds. The amount required to be on deposit in the Capital Reserve Fund is a fixed percentage of principal (including sinking fund installments) and interest maturing or otherwise due or becoming due on outstanding bonds during a calendar year. For 1980, the percentage is 100% of such year’s requirements. Following 1980, the percentage is 100% of the succeeding year’s requirements.

F-6
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTE TO FINANCIAL STATEMENTS—(Continued)

(All data relating to September 30, 1980 and the period then ended are unaudited.)

The Capital Reserve Fund balance at June 30, 1980 of $682.0 million comprised $296.9 million relating to First General Resolution Bonds and $385.1 million relating to Second General Resolution Bonds. The Capital Reserve Fund balance at September 30, 1980 of $711.7 million comprised $303.2 million relating to First General Resolution Bonds and $408.5 million relating to Second General Resolution Bonds.

The Capital Reserve Fund may be invested only in direct obligations of, or obligations guaranteed by, the State or the United States of America, or in certain other permitted investments. At June 30, 1980 the Fund comprised $668.2 million of such investments and $13.8 million of accrued interest. At September 30, 1980 the Fund comprised $694.9 million of such investments and $16.8 million of accrued interest. Investments in the Capital Reserve Fund are recorded at amortized cost, which exceeded market value by approximately $37.5 million at June 30, 1980 and approximately $82.4 at September 30, 1980.

Note 5—Guaranty Fund:

In connection with the issuance by the City of Federally guaranteed obligations, a Guaranty Fund has been established by the Corporation. The moneys on deposit in the Guaranty Fund, up to a specified amount, are available for the benefit of the United States of America in the event the City is unable to meet debt service requirements on certain City obligations for which the payment of principal and interest is guaranteed by the United States of America. Such specified amount is presented as a liability of the Corporation. To the extent moneys on deposit in the Guaranty Fund exceed the amount required, the Corporation is entitled to withdraw such excess from the Guaranty Fund and the United States of America has no further claim on such moneys. At September 30, 1980, no claim had been asserted. Moneys on deposit in the Guaranty Fund are invested in direct obligations of the United States of America. On October 2, 1980, the City issued $300 million of guaranteed City obligations, increasing the Required Guaranty Fund balance by $16,732,500. Such transaction is not reflected in the accompanying statements.

Note 6—Investments in Marketable Securities:

Debt service funds paid to the Corporation in advance of disbursement to bondholders are temporarily invested pursuant to the terms of the bond resolutions and the income therefrom is credited to the Debt Service Fund. Proceeds of debt issues may also be temporarily invested. Such funds may be invested as described in Note 4 and are carried at cost which approximates market value.

Note 7—New York City Obligations Held by the Corporation:

The Corporation has acquired certain obligations of the City as a result of various exchanges and payments to the City. At June 30, 1980 the Corporation held an aggregate of approximately $589 million principal amount of City bonds and approximately $225 million principal amount of notes of the City of which $149 million are subject to cancellation without payment of principal. At September 30, 1980, the Corporation held an aggregate of approximately $502 million principal amount of City bonds and approximately $223.8 million principal amount of notes of the City of which $147.2 million are subject to cancellation without payment of principal.

During the year ended June 30, 1980, the Corporation received $213.0 million, comprising $145.9 million of principal and $67.1 million of interest on certain City bond anticipation notes and bonds held by the Corporation pursuant to agreements with the City. During the quarter ended September 30, 1980, the Corporation received $116.2 million, comprising $86.7 million of principal and $29.5 million of interest on such obligations.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

NOTES TO FINANCIAL STATEMENTS—(Continued)

(All data relating to September 30, 1980 and the period then ended are unaudited.)

Amounts received as payment on City obligations have the effect of reducing the amounts to be funded from the Corporation's other sources. The Corporation, in making its certification for funds, is required to exclude from consideration any amount it expects to receive as payment on City obligations until such amounts are received. Accordingly, the City obligations held have not been included in the accompanying Statement of Financial Position.

Note 8—Commitments:

The Corporation, together with the City, has developed a four-year debt issuance plan to provide for the City's long-term financing requirements through 1982. Under the plan, the Corporation is expected to have issued approximately $1.8 billion of its bonds pursuant to an agreement among the Corporation, various commercial banks, savings banks, insurance companies and New York City Pension Funds, during fiscal years 1979 through 1982. Proceeds from these sales are expected to provide for a significant portion of the City's long-term financing requirements during the four-year period. The Corporation has issued a total of $938 million of its Second General Resolution Bonds pursuant to the agreement.

On October 2, 1980, the Corporation issued its Second General Resolution Series 25 and Series 26 Bonds in aggregate principal amounts of $174.7 million and $125.3 million, respectively. The Statement of Financial Position and Statement of Transactions do not give effect to such issuance although the exhibits do.

To avoid duplication of efforts, the Corporation has agreed to reimburse the New York State Office of the Special Deputy Comptroller for the City of New York and the Financial Control Board for the cost of providing certain oversight services of the City's financial affairs.
### EXHIBIT 1

**MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK**

**BONDS OUTSTANDING**

(If thousands)

<table>
<thead>
<tr>
<th>Series</th>
<th>Redemption date</th>
<th>Interest rate</th>
<th>June 30, 1980</th>
<th>September 30, 1980</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First General Resolution Bonds:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>1984-1985</td>
<td>11%</td>
<td>$1,090</td>
<td>$1,090</td>
</tr>
<tr>
<td>BB</td>
<td>1981-1986</td>
<td>6%</td>
<td>87,845</td>
<td>87,845</td>
</tr>
<tr>
<td>CC</td>
<td>1984-1993</td>
<td>10.25%</td>
<td>256,250</td>
<td>256,250</td>
</tr>
<tr>
<td>EE</td>
<td>1991-1995</td>
<td>7.5%</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>FF</td>
<td>1986</td>
<td>7.5%</td>
<td>53,475</td>
<td>53,475</td>
</tr>
<tr>
<td>GG</td>
<td>1987</td>
<td>8%</td>
<td>70,200</td>
<td>70,200</td>
</tr>
<tr>
<td>HH</td>
<td>1988-1995</td>
<td>7.5%</td>
<td>1,414,738</td>
<td>1,414,738</td>
</tr>
<tr>
<td>II</td>
<td>1987</td>
<td>7.5%</td>
<td>11,170</td>
<td>11,170</td>
</tr>
<tr>
<td>JJ</td>
<td>1982-1995</td>
<td>7.25%-8.25%</td>
<td>250,155</td>
<td>250,155</td>
</tr>
<tr>
<td><strong>Total First Resolution</strong></td>
<td></td>
<td></td>
<td>2,394,923</td>
<td>2,394,923</td>
</tr>
<tr>
<td><strong>Second General Resolution Bonds:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>1981-1986</td>
<td>8%</td>
<td>62,260</td>
<td>62,260</td>
</tr>
<tr>
<td>2</td>
<td>1981-1986</td>
<td>8%</td>
<td>132,690</td>
<td>132,690</td>
</tr>
<tr>
<td>3</td>
<td>1981-1986</td>
<td>8%</td>
<td>54,475</td>
<td>54,475</td>
</tr>
<tr>
<td>4</td>
<td>1981-1986</td>
<td>8%</td>
<td>67,805</td>
<td>67,805</td>
</tr>
<tr>
<td>5</td>
<td>1982-1991</td>
<td>8%</td>
<td>139,860</td>
<td>139,860</td>
</tr>
<tr>
<td>6</td>
<td>1982-1991</td>
<td>8%</td>
<td>18,215</td>
<td>18,215</td>
</tr>
<tr>
<td>8</td>
<td>1981-1992</td>
<td>7.5%</td>
<td>194,950</td>
<td>194,950</td>
</tr>
<tr>
<td>9</td>
<td>1981-1992</td>
<td>7.5%</td>
<td>798,230</td>
<td>798,230</td>
</tr>
<tr>
<td>10</td>
<td>1999-2008</td>
<td>8.375%</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>11</td>
<td>1985-1998</td>
<td>8.375%</td>
<td>139,525</td>
<td>139,525</td>
</tr>
<tr>
<td>12</td>
<td>1985-1998</td>
<td>8.375%</td>
<td>60,375</td>
<td>60,375</td>
</tr>
<tr>
<td>13</td>
<td>1985-1998</td>
<td>7.85%-8.5%</td>
<td>201,100</td>
<td>201,100</td>
</tr>
<tr>
<td>14</td>
<td>1989-1999</td>
<td>8.1%-8.625%</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>15</td>
<td>1999-2008</td>
<td>8.125%</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>16</td>
<td>1993-1999</td>
<td>7.4%-7.625%</td>
<td>132,235</td>
<td>132,235</td>
</tr>
<tr>
<td>17</td>
<td>1983-1999</td>
<td>7.875%</td>
<td>103,095</td>
<td>103,095</td>
</tr>
<tr>
<td>18</td>
<td>1983-1999</td>
<td>7.875%</td>
<td>73,905</td>
<td>73,905</td>
</tr>
<tr>
<td>19</td>
<td>2000-2008</td>
<td>9%</td>
<td>90,000</td>
<td>90,000</td>
</tr>
<tr>
<td>20</td>
<td>2000-2008</td>
<td>8.5%</td>
<td>64,270</td>
<td>64,270</td>
</tr>
<tr>
<td>21</td>
<td>1984-1999</td>
<td>8.75%</td>
<td>209,680</td>
<td>209,680</td>
</tr>
<tr>
<td>22</td>
<td>1984-1999</td>
<td>8.75%</td>
<td>150,320</td>
<td>150,320</td>
</tr>
<tr>
<td>23</td>
<td>2000-2008</td>
<td>9.1%</td>
<td>125,000</td>
<td>125,000</td>
</tr>
<tr>
<td>24</td>
<td>1982-2008</td>
<td>6.5%-9.75%</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>25</td>
<td>1982-2000</td>
<td>10.75%</td>
<td>174,705</td>
<td>174,705</td>
</tr>
<tr>
<td>26</td>
<td>1982-2000</td>
<td>10.75%</td>
<td>125,295</td>
<td>125,295</td>
</tr>
<tr>
<td><strong>Total Second Resolution</strong></td>
<td></td>
<td></td>
<td>3,721,275</td>
<td>4,121,275</td>
</tr>
<tr>
<td><strong>Total bonds outstanding</strong></td>
<td></td>
<td></td>
<td>$6,116,198</td>
<td>$6,516,198</td>
</tr>
</tbody>
</table>
EXHIBIT II

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
SUMMARY OF ANNUAL DEBT SERVICE FUNDING REQUIREMENTS
September 30, 1980
(Unaudited)
(In thousands)

<table>
<thead>
<tr>
<th>For the fiscal year ended June 30,</th>
<th>First General Bond Resolution</th>
<th>Second General Bond Resolution</th>
<th>Total</th>
<th>Capital Reserve Fund Contributions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>$205,889</td>
<td>$418,885†</td>
<td>$624,774†</td>
<td>($25,708)</td>
<td>$599,066†</td>
</tr>
<tr>
<td>1982</td>
<td>231,786</td>
<td>438,472</td>
<td>670,258</td>
<td>68,276</td>
<td>738,534</td>
</tr>
<tr>
<td>1983</td>
<td>245,650</td>
<td>471,444</td>
<td>717,094</td>
<td>1,417</td>
<td>718,511</td>
</tr>
<tr>
<td>1984</td>
<td>260,447</td>
<td>501,696</td>
<td>762,143</td>
<td>38,562</td>
<td>800,705</td>
</tr>
<tr>
<td>1985</td>
<td>261,882</td>
<td>513,240</td>
<td>775,122</td>
<td>(36,566)</td>
<td>738,556</td>
</tr>
<tr>
<td>1986</td>
<td>246,116</td>
<td>512,531</td>
<td>758,647</td>
<td>(13,757)</td>
<td>744,890</td>
</tr>
<tr>
<td>1987</td>
<td>255,167</td>
<td>493,596</td>
<td>748,763</td>
<td>(5,379)</td>
<td>743,384</td>
</tr>
<tr>
<td>1988</td>
<td>309,639</td>
<td>476,694</td>
<td>786,333</td>
<td>92,561</td>
<td>878,894</td>
</tr>
<tr>
<td>1989</td>
<td>356,036</td>
<td>476,160</td>
<td>832,196</td>
<td>(9,672)</td>
<td>822,524</td>
</tr>
<tr>
<td>1990</td>
<td>352,770</td>
<td>470,722</td>
<td>823,492</td>
<td>(4,768)</td>
<td>818,724</td>
</tr>
<tr>
<td>1991</td>
<td>352,356</td>
<td>468,644</td>
<td>821,000</td>
<td>4,566</td>
<td>825,566</td>
</tr>
<tr>
<td>1992</td>
<td>352,201</td>
<td>472,374</td>
<td>824,575</td>
<td>(172,551)</td>
<td>652,024</td>
</tr>
<tr>
<td>1993</td>
<td>349,300</td>
<td>289,236</td>
<td>638,536</td>
<td>(450)</td>
<td>638,086</td>
</tr>
<tr>
<td>1994</td>
<td>350,962</td>
<td>305,201</td>
<td>656,163</td>
<td>6,048</td>
<td>662,211</td>
</tr>
<tr>
<td>1995</td>
<td>177,272</td>
<td>307,774</td>
<td>485,046</td>
<td>(395,577)</td>
<td>89,469</td>
</tr>
<tr>
<td>1996</td>
<td>255,149</td>
<td>255,149</td>
<td>510,298</td>
<td>(98,311)</td>
<td>151,988</td>
</tr>
<tr>
<td>1997</td>
<td>158,627</td>
<td>158,627</td>
<td>317,254</td>
<td>15,629</td>
<td>332,883</td>
</tr>
<tr>
<td>1998</td>
<td>155,986</td>
<td>155,986</td>
<td>311,972</td>
<td>155,986</td>
<td>467,958</td>
</tr>
<tr>
<td>1999</td>
<td>173,635</td>
<td>173,635</td>
<td>347,270</td>
<td>(51,512)</td>
<td>295,758</td>
</tr>
<tr>
<td>2000</td>
<td>122,959</td>
<td>122,959</td>
<td>245,918</td>
<td>(17,084)</td>
<td>228,834</td>
</tr>
<tr>
<td>2001</td>
<td>105,547</td>
<td>105,547</td>
<td>211,094</td>
<td>87</td>
<td>211,181</td>
</tr>
<tr>
<td>2002</td>
<td>106,095</td>
<td>106,095</td>
<td>212,190</td>
<td>103</td>
<td>212,293</td>
</tr>
<tr>
<td>2003</td>
<td>106,069</td>
<td>106,069</td>
<td>212,138</td>
<td>129</td>
<td>212,267</td>
</tr>
<tr>
<td>2004</td>
<td>106,049</td>
<td>106,049</td>
<td>212,108</td>
<td>146</td>
<td>212,254</td>
</tr>
<tr>
<td>2005</td>
<td>106,043</td>
<td>106,043</td>
<td>212,086</td>
<td>183</td>
<td>212,269</td>
</tr>
<tr>
<td>2006</td>
<td>106,042</td>
<td>106,042</td>
<td>212,084</td>
<td>208</td>
<td>212,292</td>
</tr>
<tr>
<td>2007</td>
<td>106,065</td>
<td>106,065</td>
<td>212,130</td>
<td>106,065</td>
<td>212,196</td>
</tr>
<tr>
<td>Total</td>
<td>$4,307,473</td>
<td>$8,331,033</td>
<td>$12,638,506</td>
<td>($711,666)</td>
<td>$11,926,840</td>
</tr>
</tbody>
</table>

† The fiscal year 1981 requirements represent the balance of funding required during the year giving effect to the receipt of moneys certified to and paid on October 10, 1980, and the issuance of the Series 25 and Series 26 Bonds.
### MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

**SUMMARY OF TOTAL ANNUAL DEBT SERVICE PAYMENT REQUIREMENTS**

September 30, 1980  
(Unaudited)  
(In thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>First General Bond Resolution</th>
<th>Second General Bond Resolution†</th>
<th>Total†</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>$105,928</td>
<td>$165,517</td>
<td>$271,445</td>
</tr>
<tr>
<td>1982</td>
<td>212,514</td>
<td>416,042</td>
<td>628,556</td>
</tr>
<tr>
<td>1983</td>
<td>251,058</td>
<td>436,544</td>
<td>687,602</td>
</tr>
<tr>
<td>1984</td>
<td>240,243</td>
<td>468,562</td>
<td>708,805</td>
</tr>
<tr>
<td>1985</td>
<td>280,652</td>
<td>497,812</td>
<td>778,464</td>
</tr>
<tr>
<td>1986</td>
<td>243,111</td>
<td>508,772</td>
<td>751,883</td>
</tr>
<tr>
<td>1987</td>
<td>249,121</td>
<td>507,692</td>
<td>756,813</td>
</tr>
<tr>
<td>1988</td>
<td>261,213</td>
<td>488,840</td>
<td>750,053</td>
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<td>1989</td>
<td>358,065</td>
<td>471,952</td>
<td>830,017</td>
</tr>
<tr>
<td>1990</td>
<td>354,008</td>
<td>471,016</td>
<td>825,024</td>
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<tr>
<td>1991</td>
<td>351,531</td>
<td>465,251</td>
<td>816,782</td>
</tr>
<tr>
<td>1992</td>
<td>353,182</td>
<td>462,754</td>
<td>815,936</td>
</tr>
<tr>
<td>1993</td>
<td>351,219</td>
<td>465,974</td>
<td>817,193</td>
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<tr>
<td>1994</td>
<td>347,380</td>
<td>286,044</td>
<td>633,424</td>
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<td>1995</td>
<td>354,543</td>
<td>301,282</td>
<td>655,825</td>
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<tr>
<td>1996</td>
<td>303,446</td>
<td>303,446</td>
<td>606,892</td>
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<tr>
<td>1997</td>
<td>251,630</td>
<td>251,630</td>
<td>503,260</td>
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<tr>
<td>1998</td>
<td>156,896</td>
<td>156,896</td>
<td>313,792</td>
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<tr>
<td>1999</td>
<td>154,167</td>
<td>154,167</td>
<td>308,334</td>
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<tr>
<td>2000</td>
<td>171,285</td>
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<td>342,570</td>
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<tr>
<td>2001</td>
<td>121,444</td>
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<td>242,888</td>
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<td>208,738</td>
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<tr>
<td>2003</td>
<td>104,801</td>
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<tr>
<td>2004</td>
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<td>104,661</td>
<td>209,322</td>
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<td>2005</td>
<td>104,517</td>
<td>104,517</td>
<td>209,034</td>
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<td>2006</td>
<td>104,377</td>
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<td>208,754</td>
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<td>2007</td>
<td>104,229</td>
<td>104,229</td>
<td>208,458</td>
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<tr>
<td>2008</td>
<td>104,092</td>
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<td>208,184</td>
</tr>
<tr>
<td>2009</td>
<td>103,950</td>
<td>103,950</td>
<td>207,900</td>
</tr>
</tbody>
</table>

Total...... $4,313,768     $8,407,918    $12,721,686

† Gives effect to the issuance of the Series 25 and Series 26 Bonds.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
NEW YORK, NEW YORK

Dear Sirs:

We have examined a record of proceedings relating to the issuance of $100,000,000 aggregate principal amount of Series 27 Bonds (the “Series 27 Bonds”) of the Municipal Assistance Corporation For The City of New York (the “Corporation”), a corporate governmental agency and instrumentality of the State of New York (the “State”) constituting a public benefit corporation, created and existing under and pursuant to the Constitution and statutes of the State, including the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended to the date hereof (the “Act”).

The Series 27 Bonds are authorized and issued under and pursuant to the Act and the Second General Bond Resolution of the Corporation, adopted November 25, 1975, as amended and supplemented to the date hereof (the “Second General Bond Resolution”), and the Series 27 Resolution, adopted January 1, 1981 (the “Series Resolution”). Said resolutions are herein collectively called the “Resolutions”.

The Series 27 Bonds are part of an issue of bonds of the Corporation (the “Bonds”) which the Corporation has established and created under the terms of the Second General Bond Resolution and is authorized to issue from time to time for the corporate purposes of the Corporation authorized by the Act, as then in effect and without limitation as to amount except as provided in the Resolutions and certain agreements of the Corporation or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation and with certain others to limit the issuance of additional bonds. The Series 27 Bonds are being issued for purposes set forth in the Resolutions.

The Corporation is authorized to issue Bonds, in addition to the Series 27 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the Series 27 Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Second General Bond Resolution.

The Series 27 Bonds are dated February 1, 1981 except as otherwise provided in the Resolutions with respect to fully registered Series 27 Bonds, will mature on July 1, 2008 and will bear interest payable July 1, 1981 and semi-annually thereafter on January 1 and July 1 in each year at the rate of per centum (%) per annum.

The Series 27 Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an
integral multiple thereof. Coupon and fully registered Series 27 Bonds are interchangeable as provided in the Resolutions. Coupon Series 27 Bonds are numbered 27— and fully registered Series 27 Bonds are lettered and numbered 27R— followed, in each case, by the number of the Series 27 Bonds. Coupon Series 27 Bonds and fully registered Series 27 Bonds are numbered consecutively from one upward in order of issue.

The Series 27 Bonds are subject to redemption, commencing on July 1, 1996, and on each July 1 thereafter prior to maturity, in each case in part, as provided in the Resolutions, by operation of the Bond Service Fund through application of Sinking Fund Installments as defined in the Second General Bond Resolution in the amounts set forth in the Series Resolution, at the redemption price of 100% of the principal amount of each Series 27 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the Series 27 Bonds are subject to redemption at the election of the Corporation on and after July 1, 1991, as a whole on any date or in part, by lot, on any interest payment date, at the redemption prices (expressed as percentages of the principal amount), plus accrued interest, if any, to the date of redemption, as set forth in the Series Resolution.

Chapters 168, 169, 868 and 870 of the Laws of 1975, as amended to the date hereof, each enacted by the People of the State, represented in Senate and Assembly of the State and signed into law by the Governor of the State (the “Enabling Legislation”) provide for, among other things, the insertion of the Act in the Public Authorities Law, creating the Corporation as aforesaid, adding a new section 92-e to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the “Aid Assistance Fund”) and a special account for the Corporation within the Aid Assistance Fund (the “Special Aid Account”), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature of the State and otherwise payable out of the General Fund of the State to The City of New York, New York (“The City”) thereunder subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, constituting Chapter 16 of such Consolidated Laws; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 41 of such Consolidated Laws; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of Chapter seven of the laws of the State of nineteen hundred seventy-two; (iv) any amounts required to be paid by The City to the State to repay an advance made in nineteen hundred seventy-four to subsidize the fare of the New York City Transit Authority; and (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph e of subdivision 7 of such section 54 of the State Finance Law, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the Series 27 Bonds, and interest thereon have been fully paid and discharged, adding a new section 92-d to Article 6 of the State Finance Law establishing a municipal assistance tax fund (the “Tax Assistance Fund”) and a special account for the Corporation within the Tax Assistance Fund (the “Special Tax Account”), and adding a new section 1107 to Article 28 of said Tax Law imposing sales and compensating use taxes in The City at a rate of four percent (4%) on certain items therein described and at a rate of six percent (6%) on the sale of certain parking services (the “Sales Tax”), the revenues derived from which, less such amounts as the Commissioner of Taxation and Finance determines to be necessary for reasonable costs in administering, collecting and distributing such taxes, are required to be paid into the Special Tax Account, together with, after deducting such costs, such amounts, as may be required under the Enabling Legislation to be transferred from the Stock Transfer Tax Fund established by section 92-b of Article 6 of said State Finance Law, into which the revenues derived from a tax imposed by Article 12 of the Tax Law (the “Stock Transfer Tax”) are deposited.
We are of the opinion that:

1. The Corporation is duly created and validity exists as a corporate governmental agency and instrumentality of the State constituting a public benefit corporation under the laws of the State, including the Constitution of the State and the Act, with the good right and lawful authority and power to adopt the Resolutions, to issue the Bonds including the Series 27 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the Series 27 Bonds. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Enabling Legislation, including the Act, is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Series Resolution has been duly and lawfully adopted in accordance with the provisions of the Second General Bond Resolution and is authorized and permitted by the Second General Bond Resolution. The Resolutions have been duly and lawfully adopted by the Corporation and both are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, except for the covenant on behalf of the State required to be set forth in each Series 27 Bond pursuant to Chapter 201 of the Laws of New York of 1978 (the "State Covenant") as to which a separate opinion has been rendered on the date hereof, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys, securities and funds held or set aside under the Resolutions, subject only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys, securities and funds in the Bond Service Fund and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Bond Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subject to the pledge and lien created by the Resolutions.

3. The Series 27 Bonds have been duly and validly authorized and issued by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Act, and in accordance with the Resolutions. The Series 27 Bonds are valid and binding general obligations of the Corporation payable as provided in the Resolutions, are enforceable in accordance with their terms, respectively, and the terms of the Resolutions, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws validly enacted affecting creditors' rights or remedies generally, and, except as otherwise set forth with respect to the State Covenant as to which a separate opinion has been rendered as aforesaid, are entitled, together with additional Bonds issued under the Second General Bond Resolution, to the equal benefit, protection and security of the provisions, covenants and obligations of the Second General Bond Resolution and of the Act.

4. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall annually, on or before December 1, make and deliver to the Governor and Director of the Budget of the State his certificate stating such sum, if any, as shall be necessary to restore the amount in the Capital Reserve Fund to an amount equal to the Capital Reserve Fund requirement under the Second General Bond Resolution. Subdivision 3 of Section 3036-a of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.

5. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 and of Section 3036-a of the Act, for deposit in the funds established by the Second General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Bond Service Fund to
pay all interest and all principal and redemption premium, if any, on bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such Capital Reserve Fund requirement. Said subdivisions provide for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Aid Assistance Fund into which is paid such per capita aid, subject to certain prior claims as described above, and, to the extent required, subject to the prior claim of the holders of obligations of the Corporation issued or to be issued pursuant to the First General Bond Resolution (as such term is defined in the Second General Bond Resolution), the Tax Assistance Fund into which is paid the Sales Tax, and to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of per capita aid payable to The City and available for apportionment and payment from the General Fund of the State treasury and of such payments out of the Aid and Tax Assistance Funds to the Corporation are subject to annual appropriation for such purposes by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate any such amounts so certified by the Chairman, as aforesaid.

6. The Series 27 Bonds do not constitute a debt either of the State or of The City, and neither the State nor The City shall be liable thereon, nor shall the Series 27 Bonds be payable out of any funds other than those of the Corporation.

7. The State has the good right and lawful authority:

(a) to provide for the appropriation of, and at least annually to appropriate out of the General Fund of the State amounts for the purpose of per capita aid and to provide, with respect to certain amounts of such per capita aid payable to The City in accordance with the provisions of section 54 of the State Finance Law, for the apportionment and payment into the Special Aid Account, of amounts sufficient to enable the Corporation to fulfill the terms of the Resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make any, or maintain any level of, such appropriation of per capita aid or to continue such procedure for apportionment and payment of such aid;

(b) to provide for the appropriation of, and at least annually to appropriate to, the Corporation, from the Special Tax Account and from the Stock Transfer Tax Fund, amounts sufficient to enable the Corporation to fulfill the terms of the Resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make such appropriations;

(c) to suspend the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes and the taxes levied thereunder, in accordance with the Enabling Legislation;

(d) to impose and to increase or decrease the Sales Tax and the Stock Transfer Tax but the State is not bound or obligated to continue the imposition of said taxes; and

(e) to establish the Aid Assistance Fund and the Special Aid Account within the Aid Assistance Fund, the Stock Transfer Tax Fund, the Tax Assistance Fund and the Special Tax Account within the Tax Assistance Fund but the State is not bound or obligated to maintain the existence of said funds or accounts.

8. The Corporation, the holders of the Bonds, holders of any evidence of indebtedness of the Corporation or the holders of bonds or notes of The City do not have nor will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Code or otherwise) wherein a creditor of The City or The City seeks to assert a right to any such Taxes, such Stock Transfer Tax Fund or such Special Accounts superior or equal to the rights of holders of bonds issued under the Second General Bond Resolution, neither The City nor such creditor will prevail in the court of final jurisdiction.

9. Under existing law, upon any failure of the State Legislature to make required appropriations for State debt obligations or upon the establishment of a note repayment account pursuant to Section 55
of the State Finance Law, moneys on deposit in the Stock Transfer Tax Fund and the Tax Assistance Fund, including the Special Tax Account therein (each such account or fund as presently constituted being a special fund of the State), would not constitute revenues applicable to the General Fund of the State and hence neither Article 7, Section 16 of the State Constitution nor said Section 55 authorizes or mandates such moneys to be set apart by the State Comptroller either for the payment of State obligations or for deposit into such note repayment account. We are further of the opinion that, under existing law, collections of the Sales Tax and the Stock Transfer Tax which are to be deposited into the Special Tax Account and the Stock Transfer Tax Fund, do not constitute revenues applicable to the General Fund of the State and hence such collections would likewise not be authorized or mandated to be set apart or applied by the State Comptroller either for the payment of the State obligations or for deposit into such note repayment account. Per capita aid is, under existing law, derived from the General Fund of the State and hence, in the event of a failure to appropriate as above described, revenues of the State, otherwise applicable to the General Fund and therefore available for appropriation as per capita aid will be subject to being set apart, or applied as aforesaid.

10. Under existing statutes and court decisions, interest on the Series 27 Bonds is exempt from Federal income taxes and shall at all times be free from New York State and New York City personal income taxes.

11. No registration with, consent of, or approval by any governmental agency or commission is necessary for the execution and delivery and the issuance of the Series 27 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the Series 27 Bonds, and the execution and delivery of the Series 27 Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law.

We have examined the executed Series 27 Bond numbered 27-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

Series 27 Bonds

With Warrants to Purchase

Series 28 Bonds

BOND PURCHASE AGREEMENT

January 21, 1981

SALOMON BROTHERS
GOLDMAN, SACHS & CO.
MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
CITIBANK, N.A.
THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
BACHE HALSEY STUART SHIELDS INCORPORATED
BEAR, STEARNS & CO.
L. F. ROTHCHILD, UNTERTHURG, TOWBIN
As Representatives of the Underwriters
C/o Salomon Brothers
One New York Plaza
New York, New York 10004

Gentlemen:

Subject to the terms and conditions herein, the undersigned Municipal Assistance Corporation For The City of New York (the “Corporation”) hereby confirms its agreement with you and the other Underwriters named in Schedule I hereto (the “Underwriters”), for whom you are acting as Representatives (the “Representatives”), with respect to the purchase by the Underwriters, jointly and severally, from the Corporation, and the sale by the Underwriters, of $100,000,000 aggregate principal amount of the Corporation’s Series 27 Bonds, maturing and bearing interest as set forth on the cover of the final Official Statement (the “Series 27 Bonds”), together with Warrants (the “Warrants”) to purchase $100,000,000 aggregate principal amount of the Corporation’s Series 28 Bonds, maturing and bearing interest as set forth on the cover of the final Official Statement (the “Series 28 Bonds”) (the Series 27 Bonds with Warrants being hereinafter referred to as the “Securities”), which the Underwriters herein agree to purchase. The Series 27 Bonds are to be issued pursuant to the Second General Bond Resolution, adopted by the board of directors of the Corporation on November 25, 1975 (the “Second General Bond Resolution”) and the Series 27 Resolution adopted by the Board of Directors of the Corporation on January 21, 1981 (the “Series 27 Resolution”). The Series 28 Bonds are to be issued pursuant to the Second General Bond Resolution and the Series 28 Resolution adopted by the Board of Directors of the Corporation on January 21, 1981 (the “Series 28 Resolution”). The Second General Bond Resolution, the Series 27 Resolution and the Series 28 Resolution are hereinafter collectively referred to as the “Resolutions.” The Warrants are to be issued pursuant to the Warrant Resolution adopted by the Board of Directors of the Corporation on January 21, 1981 (the “Warrant Resolution”) and under a warrant agreement (the “Warrant Agreement”) dated as of February 1, 1981, between the Corporation and United States Trust Company of New York, as warrant agent (in such capacity, the “Warrant Agent”).
Attached hereto is a copy of the final Official Statement of the Corporation including the cover page and exhibits thereto, dated January 21, 1981, relating to the Securities (the “final Official Statement”).

SECTION 1. Representations and Agreements of the Corporation.

The Corporation hereby represents to and agrees with each of the Underwriters that:

(a) The Corporation is a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation created and validly existing under the provisions of the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, each as further amended (the “Act”); it is a purpose of the Corporation to assist The City of New York (the “City”) in providing essential services to its inhabitants without interruption and in creating investor confidence in the soundness of the obligations of the City; and the Act has been validly adopted and is in full force and effect.

(b) A specimen Series 27 Bond, a specimen Series 28 Bond, a specimen Warrant, a copy of each of this Agreement and the Warrant Agreement executed by the Corporation and a copy of each of the Second General Bond Resolution, the Series 27 Resolution, the Series 28 Resolution and the Warrant Resolution, certified by an appropriate officer of the Corporation, shall be delivered to you at or prior to the Closing Time (hereinafter defined).

(c) The information concerning the Corporation and the Securities in the final Official Statement is true at the time of acceptance thereof by the Representatives in all material respects. The final Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Corporation will apply the proceeds from the sale of the Securities and the Series 28 Bonds substantially as set forth in the Resolutions and the final Official Statement.

(d) When delivered to and paid for by the Underwriters, the Series 27 Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Corporation and will be entitled to the benefits of the Second General Bond Resolution and the Series 27 Resolution, except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Series 27 Bonds. When delivered to and paid for by persons exercising Warrants, the Series 28 Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Corporation and will be entitled to the benefit of the Second General Bond Resolution and the Series 28 Resolution, except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Series 28 Bonds. When delivered to and paid for the Underwriters, the Warrants will have been duly authorized, executed, countersigned by the Warrant Agent, issued and delivered and will constitute valid and legally binding obligations of the Corporation and will be entitled to the benefits of the Warrant Agreement, except (i) as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Warrants and (ii) the legal power of the Corporation to issue the Series 28 Bonds upon exercise of the Warrants is subject to the provisions of the Act, the Second General Bond Resolution and certain other resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 28 Bonds is issued and delivered.

(e) The Corporation agrees to cooperate with the Underwriters to register or qualify the Securities and the Series 28 Bonds for offer and sale under the securities or “blue sky” laws of such jurisdictions in the United States as the Underwriters may request (it being understood that nothing herein shall require the Corporation to qualify as a foreign corporation or as a dealer in securities or to execute any consent to service of process other than in connection with such qualification or registration).

(f) Except as set forth in the final Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court or public board or body pending (or to the
best of the knowledge of the Corporation threatened) against the Corporation or (to the best of the knowledge of the Corporation, no independent investigation having been made) any other person, wherein an unfavorable decision, ruling or finding might in any material respect adversely affect the transactions contemplated by this Agreement, or which in any way might adversely affect provisions for the payment of principal, premium, if any, or interest on the Series 27 Bonds or the Series 28 Bonds or the validity of the Series 27 Bonds or the Series 28 Bonds, the Warrant Agreement, the Warrants, the Warrant Resolution, the Series 27 Resolution, the Series 28 Resolution, the Second General Bond Resolution, this Agreement or any agreement or instrument to which the Corporation is a party which is required in connection with the consummation of the transactions contemplated hereby.

(g) The execution, delivery and receipt of the final Official Statement, this Agreement, the Series 27 Bonds, the Series 28 Bonds, the Warrant Agreement and the Warrants and the adoption of the Resolutions under the circumstances contemplated hereby and by the final Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the part of the Corporation a breach of, or a default under, any existing law, or administrative regulation, decree, or order, or any agreement, indenture, mortgage, lease or other instrument to which the Corporation is subject or by which it is bound.

(h) Any certificate signed by any officer of the Corporation and delivered to the Underwriters shall be deemed a representation by the Corporation to each of the Underwriters as to the truth of the statements therein made.

(i) The execution, delivery and performance of this Agreement, the Warrant Agreement, the Warrants, the Series 27 Bonds and the Series 28 Bonds have been duly authorized by proper proceedings and will not contravene any provisions of law or regulation or by-law of the Corporation or any agreement, decree or instrument binding upon the Corporation or any of its property. This Agreement and the Warrant Agreement constitute legal, valid and binding agreements of the Corporation enforceable against the Corporation in accordance with their respective terms, except (i) as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of the parties to this Agreement or the Warrant Agreement, and (ii) the legal power of the Corporation to issue the Series 28 Bonds upon exercise of the Warrants is subject to the provisions of the Act, the Second General Bond Resolution and certain other resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 28 Bonds is issued and delivered.

(j) Except for liens created by the bonds and notes heretofore issued by the Corporation, by the Resolutions and by the Corporation’s General Bond Resolution dated July 2, 1975 (the “First General Bond Resolution”), there is no lien on the revenues or property of the Corporation as of the date of this Agreement and as of the Closing Time there will be no liens on the revenues or property of the Corporation except for the liens created by such bonds and notes, by the Resolutions and by the First General Bond Resolution.

(k) The Corporation has complied with all of the covenants contained in, and no event of default exists pursuant to, the Second General Bond Resolution, the Series 27 Resolution, the Series 28 Resolution, the Series 27 Bonds, the Series 28 Bonds, the Warrants, the Warrant Agreement or the First General Bond Resolution or the bonds issued thereunder.

(l) No authorization, consent or approval of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality is or will be necessary for the valid execution, delivery or performance by the Corporation of this Agreement, the Warrant Agreement, the Warrants, the Second General Bond Resolution, the Series 27 Resolution, the Series 28 Resolution, the Series 27 Bonds or the Series 28 Bonds, or, if necessary, such authorization, consent, approval, filing or registration has been, or in the case of the Series 28 Bonds, will be, duly obtained or made.

(m) The financial statements of the Corporation contained in the final Official Statement (i) fairly present the financial position and results of operations of the Corporation as of the dates and
for the periods therein set forth and (ii) were prepared in accordance with generally accepted accounting principles. Since June 30, 1980, the date of the audited financial statements, there has been no material adverse change in the financial position of the Corporation or transactions in the Bond Service Fund, Debt Service Fund, either of the Capital Reserve Funds and Operating Fund established under the Second General Bond Resolution and the First General Bond Resolution, except as referred to in the final Official Statement.

(n) If during the period commencing on the date hereof and ending at the Closing Time any event affecting the transactions contemplated by this Agreement shall occur which makes untrue any statement of a material fact set forth in the final Official Statement or causes an omission to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and if in the opinion of the Corporation and the Representatives such event requires a supplement or amendment to the final Official Statement, the Corporation at its expense will supplement or amend the final Official Statement in a form and in a manner approved by the Representatives and counsel for the Underwriters.

(o) To the best of the knowledge of the Corporation, no independent investigation having been made, the Agreements (as defined in the final Official Statement) are in full force and effect and no default exists thereunder. The Agreements to which the Corporation is a party constitute legal, valid and binding agreements enforceable against the Corporation in accordance with their respective terms, except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of the parties to such Agreements.

(p) If, at any time prior to the earlier of the date on which all the Warrants have been exercised and January 18, 1983, any event shall occur which makes untrue any statement of a material fact set forth in the most recent Official Statement delivered to the Warrant Agent pursuant to Section 5.05 of the Warrant Agreement or causes an omission to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Corporation promptly will prepare and deliver to the Warrant Agent, a revised Official Statement which will correct such statement or omission. The Corporation agrees, prior to delivery of any revised Official Statement to the Warrant Agent as aforesaid, to furnish you with a copy thereof for your review.

SECTION 2. Purchase, Sale and Delivery of the Securities.

On the basis of the representations and agreements herein contained, and subject to the terms and conditions herein set forth, at the Closing Time the Corporation agrees to sell to the Underwriters, and the Underwriters, jointly and severally, agree to purchase from the Corporation, the Securities for an aggregate purchase price of $97,375,000, plus accrued interest on the Series 27 Bonds from February 1, 1981 to the date of payment and delivery. The Series 27 Bonds shall be issued under and secured by the Series 27 Resolution and the Second General Bond Resolution, to the extent therein provided. The Series 27 Bonds shall mature and bear the interest rate and be subject to redemption as set forth in the final Official Statement. The Warrants shall be issued under and have the terms set forth in the Warrant Agreement. Payment for the Securities shall be made by certified or official bank check or checks, in New York Clearing House funds, payable to the order of the Corporation, at the Closing Time, at the offices of the Corporation, One World Trade Center, Suite 8901, New York, New York. The Closing Time shall be 8:30 A.M., New York time, on February 5, 1981, or such other time and place as may be provided in accordance with the provisions of Section 9 hereof or as may otherwise be agreed to by the Representatives and the Corporation. The Series 27 Bonds shall be delivered in definitive form, as coupon Bonds in the denomination of $5,000 each registrable as to principal only, or Bonds registered as to principal and interest in the denomination of $5,000 each or any integral multiple of $5,000. The Warrants accompanying the Series 27 Bonds shall be in definitive bearer form as set forth in Exhibit A to the Warrant Agreement, and each Warrant shall represent the right to purchase $5,000 in principal amount of the Series 28 Bonds. The Securities shall be available for examination and packaging by the
Underwriters not less than 24 hours prior to the Closing Time. The paying agents for the Series 27 Bonds are as set forth in the final Official Statement.

SECTION 3. Conditions of the Underwriters’ Obligations.

The Underwriters’ obligations hereunder shall be subject to the performance by the Corporation of its obligations and agreements to be performed hereunder at or prior to the Closing Time, to the accuracy of and compliance with the representations and agreements of the Corporation contained herein, as of the date hereof and as of the Closing Time, and to the following conditions:

(a) At the Closing Time you shall receive as Representatives:

(1) Opinions, dated the Closing Time, with sufficient copies for each Underwriter, of (i) Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation, in the form attached hereto as Exhibit A and (ii) Hawkins, Delafield & Wood, Bond Counsel, in the forms attached hereto as Exhibits B, C and D and further as to the enforceability of the 1978 State Covenant (as defined in the final Official Statement), in each case with such changes, and with such annexed opinions of other counsel referred to therein, if any, as counsel for the Underwriters shall reasonably approve.

(2) An opinion of White & Case, counsel for the Underwriters, dated the Closing Time, with sufficient copies for each Underwriter, satisfactory in form and substance to the Representatives, with respect to the creation and existence of the Corporation, the adoption of the Resolutions, the authorization and issuance of the Warrants and the Series 27 Bonds, the authorization of the Series 28 Bonds, the authorization, execution and delivery by the Corporation of this Agreement and the Warrant Agreement, the exemption of the offering and sale of the Securities from the registration requirements of the Securities Act of 1933, as amended, the exemption of the Second General Bond Resolution, the Series 27 Resolution and the Series 28 Resolution from the qualification requirements of the Trust Indenture Act of 1939, as amended, and the status of the Warrants and the Series 27 Bonds as “municipal securities” under the Securities Exchange Act of 1934, as amended; to the effect that nothing has come to their attention which would lead them to believe that the final Official Statement (as the same has been theretofore supplemented or amended as of the Closing Time) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and such other related matters as the Representatives may reasonably request; and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters.

(3) A certificate, reasonably satisfactory in form to you, as Representatives, of an appropriate officer of the Corporation reasonably satisfactory to you, dated the Closing Time, to the effect that (i) each of the representations of the Corporation set forth in Section 1 hereof is true, accurate and complete in all material respects as though made with respect to and as of the Closing Time (with regard to the final Official Statement, such certification shall be based on the final Official Statement, as the same has been theretofore supplemented or amended as of the Closing Time); (ii) each of the agreements of the Corporation set forth in Section 1 hereof to be complied with at or prior to the Closing Time has been complied with as of such time; and (iii) the Warrants, the Series 27 Bonds, the Second General Bond Resolution, the Series 27 Resolution and the Series 28 Resolution conform in all material respects to the descriptions thereof in the final Official Statement.

(4) A certificate, reasonably satisfactory in form to you, as Representatives, of the Director of the Budget of the State of New York, dated the Closing Time, to the effect that the information concerning the State of New York in the final Official Statement, as the same has been theretofore supplemented or amended as of the Closing Time, under the caption “Certain Developments Affecting the State” is true in all material respects and does not omit any statement of a material fact necessary to make such information therein contained, in light of the
circumstances under which such information is furnished, not misleading and to the effect that the numerical information concerning the amount of Per Capita Aid in the final Official Statement, as the same has been theretofore supplemented or amended as of the Closing Time, under the caption “Payment of the Bonds—Per Capita Aid” is true.

(5) A certificate of the Commission of Taxation and Finance of the State in the form attached hereto as Exhibit E, with such changes, if any, as the Representatives shall approve.

(6) Certificates, reasonably satisfactory in form to you, as Representatives, dated the Closing Time, of the Mayor and the Comptroller of the City, or an appropriate deputy, to the effect that certain specified information contained in the final Official Statement, as the same has been theretofore supplemented or amended as of the Closing Time, under the caption “Certain Developments Affecting the City” is true in all material respects or is a fair presentation of the information set forth therein.

(7) A certificate, reasonably satisfactory in form to you, as Representatives, of an appropriate officer of the Corporation reasonably satisfactory to you, dated the Closing Time, setting forth sufficient facts, estimates and circumstances to support the conclusion, stated in the certificate, that on the date of issue it is not expected that the proceeds of the Securities will be used in a manner that will cause the Series 27 Bonds to be arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and stating that to the best of the knowledge and belief of the certifying officer there are no other facts, estimates or circumstances that would materially change such expectation.

(8) An opinion, dated the Closing Time and addressed to the Corporation, of Hawkins, Delafield & Wood, to the effect that, based upon their examination of law and review of the certification by the Corporation provided for in (7) above, they are of the opinion that the facts, estimates and circumstances are sufficiently set forth in such certificate to satisfy the criteria which are necessary under Section 103(c) of the Internal Revenue Code of 1954, as amended, and Sections 1.103-13, 1.103-14 and 1.103-15 of the regulations promulgated thereunder as amended to the date thereof, to support the conclusion that the Series 27 Bonds will not be arbitrage bonds, and that no matters have come to their attention which make unreasonable or incorrect the representations made in such certificate.

(9) Such additional certificates, instruments and other documents as you, as Representatives, may reasonably request, to evidence the truth and accuracy, as of the Closing Time, of the representations of the Corporation herein contained and of the final Official Statement (as the same has been theretofore amended or supplemented), and the due performance and satisfaction by the Corporation at or prior to such time of all agreements to be performed and all conditions then to be satisfied by it in connection with the transactions contemplated hereby or by the final Official Statement (as the same has been theretofore amended or supplemented).

(b) The market price of the Securities, the Series 27 Bonds, the Series 28 Bonds or the Warrants, or the market prices of general credit or revenue obligations issued by states or political subdivisions thereof, or the market prices of such revenue obligations of the character of the Series 27 Bonds, shall not (in the reasonable opinion of the Representatives) have been materially adversely affected by reason of the fact that between the date hereof and the Closing Time:

(1) legislation shall have been enacted by the Congress, or recommended to the Congress for passage by the President of the United States, or introduced and favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or

(2) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the Tax Court of the United States, or

(3) an order, ruling or regulation (final, temporary or proposed) shall have been made by the Treasury Department of the United States or the Internal Revenue Service and published
in the Federal Register, with the purpose or effect, directly or indirectly, of imposing Federal income taxation upon such interest as would be received by the holders of the Series 27 Bonds or the Series 28 Bonds, or

(4) there shall have been a material adverse change in the national financial economic situation in the United States and there shall have occurred (i) the closing other than in the ordinary course of business of the New York Stock Exchange, Inc. or (ii) the general suspension of trading on the New York Stock Exchange, Inc. or (iii) the establishment of a general banking moratorium by Federal or New York State authorities.

(c) No order, decree or injunction of any court of competent jurisdiction, and no order, ruling, regulation or administrative proceeding by any governmental body or board, shall have been issued or commenced, and no legislation shall have been enacted by the Congress, or the State of New York, with the purpose or effect of prohibiting the issuance, offering or sale of the Warrants, the Series 27 Bonds or the Series 28 Bonds as contemplated hereby or by the final Official Statement.

(d) The Comptroller of the State of New York shall have approved in writing the sale of the Warrants, the Series 27 Bonds and the Series 28 Bonds and the terms thereof as provided in this Agreement.

(e) The Government of the United States shall not have made any declaration of war and the United States shall not have become engaged in any intercontinental ballistic or atomic warfare, or other major military hostilities (exclusive of civil war, insurrection or rebellion).

(f) Underwriters which are member banks of the Federal Reserve System shall be authorized under applicable law to underwrite the Securities. Underwriters which are subject to regulation by the New York State Department of Banking shall be authorized under applicable law to underwrite the Securities.

(g) At the Closing Time, Price Waterhouse & Co. shall have furnished to the Representatives a letter or letters, dated the Closing Time in the form attached hereto as Exhibit F, with such changes, if any, as the Representatives shall approve.

(h) There shall not have been a default on or after the date hereof upon the general obligations of the State of New York or any instrumentality, agency or political subdivision thereof.

(i) No event shall have occurred on or after the date hereof which in the reasonable judgment of the Representatives (1) has jeopardized the continued eligibility of the City for loan guarantees of its indebtedness pursuant to the Agreements or (2) forms the basis for any party to the Agreements to terminate its obligations thereunder.

(j) There shall not have occurred any event of the type referred to in Section 1(n) hereof which in the reasonable judgment of the Representatives requires or has required an amendment, modification or supplement to the final Official Statement.


The Corporation's obligations hereunder, other than pursuant to Sections 5, 7 and 10 hereof, are subject to:

(a) the performance by the Underwriters of their obligations hereunder;

(b) the satisfaction of the conditions set forth above in (a)(4), (a)(5), (a)(6), (c), (d), (f), (g), (h), (i) and (j) of Section 3 hereof; and

(c) the receipt by the Underwriters at the Closing Time of the opinions described in (a)(1), (a)(2) and (a)(8) of Section 3 hereof.
SECTION 5. Deposit.

The Corporation hereby acknowledges receipt of a certified or bank cashier’s check payable to the order of the Corporation in New York Clearing House funds in the amount equal to 1% of the aggregate principal amount of the Series 27 Bonds. In the event of the failure of the Corporation to deliver the Securities at the Closing Time or if the Corporation shall be unable to satisfy the conditions of the obligations of the Underwriters set forth in this Agreement (unless waived by the Underwriters), or if the obligation of the Underwriters shall be terminated for any reason permitted by this Agreement, the amount of such check shall be returned to the Representatives. In the event that the Underwriters fail (other than for a reason permitted hereunder) to accept delivery and pay for the Securities at the Closing Time as herein provided, the amount of such check shall be retained by the Corporation as and for full liquidated damages for such failure and for any defaults hereunder on the part of the Underwriters and, except as otherwise provided in this Agreement, no party shall have any further right against any other hereunder. Upon acceptance of this offer, such check may be cashed by the Corporation and the proceeds thereof deposited in a special account of the Corporation. Such proceeds may be invested for the exclusive benefit of the Corporation and the amount of such check shall be applied by the Corporation to the aggregate purchase price for the Securities set forth in Section 2 hereof.

SECTION 6. Representations and Agreements to Survive Delivery.

All representations and agreements of the Corporation shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriters or any person who controls any Underwriter, and shall survive delivery of the Securities to the Underwriters.

SECTION 7. Payment of Expenses.

The Corporation shall pay all costs and expenses incident to the performance of its obligations under this Agreement and the Warrant Agreement including all expenses incident to the delivery of the Securities to the several Underwriters, the delivery of Series 28 Bonds upon the exercise of the Warrants, the fees and expenses of Bond Counsel and General Counsel for the Corporation, the costs and expenses incident to the preparing and printing of this Agreement and the Warrant Agreement, the Official Statement, the Series 27 Resolution, the Series 28 Resolution and related documents, and expenses incurred in connection with any securities or “blue sky” law qualifications and the preparation of a memorandum with respect thereto and for any fees charged by investment rating agencies for the rating of the Series 27 Bonds or the Series 28 Bonds, it being understood that, except as provided in this Section 7, the Underwriters will pay all their own costs and expenses including fees and expenses of their counsel, the printing of the Agreement Among Underwriters and any advertising and mailing connected with any offering of the Securities by them; provided, however, that the Corporation shall have no obligation under this Section 7 if the Corporation is not obligated under this Agreement pursuant to Section 4(a) hereof. Nothing herein shall be construed to relieve a defaulting Underwriter from liability for its default.

SECTION 8. Use of Preliminary and Final Official Statement.

The Corporation hereby confirms the authority, and authorizes the Underwriters, to use and make available to prospective and ultimate purchasers of the Securities the preliminary Official Statement dated January 15, 1981, and authorizes the use of the final Official Statement by the Underwriters in connection with the sale of the Securities. Each Underwriter agrees, in connection with the sale of Securities by such Underwriter, that it will not confirm the sale of any Securities unless the confirmation of sale is accompanied or preceded by delivery of a copy of the final Official Statement.


If the Underwriters shall default in their obligation to purchase the Securities herein agreed to be purchased, and if the Representatives at such time shall notify the Corporation that such default is the result of a failure on the part of one or more of the Underwriters to comply with its or their obligations, then either the Representatives or the Corporation shall have the right to postpone the Closing
Time for a single period of not more than three business days (and the Representatives with the consent of the Corporation shall have the right to postpone the Closing Time for an additional single period of seven days) in order that necessary changes and arrangements may be effected by the Representatives and the Corporation to have the Underwriters which shall not have so failed, or one or more other underwriters, take up, in such proportions as the Underwriters may agree and upon the terms herein set forth, the participations of the Underwriter or Underwriters which failed to comply with its or their obligations, whereupon this Agreement shall be carried out accordingly at such postponed Closing Time. The provisions of this Section 9 shall not in any way affect the joint and several obligations of the Underwriters to take up and pay for all of the Securities or any liability of any Underwriter or Underwriters which failed to comply with its or their obligations to the Underwriters which have not so failed.

SECTION 10. Indemnification.

To the extent it may legally do so, the Corporation agrees to indemnify and hold harmless each of the Underwriters and each person, if any, who controls any Underwriter against any and all losses, claims, damages and liabilities (i) arising out of any untrue statement of a material fact contained in the final Official Statement, as the same has been supplemented or amended, or the omission therefrom of a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except any such statements as were based on information furnished to the Corporation by any Underwriter, and (ii) to the extent of the aggregate amount paid in settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the Corporation. In case any claim shall be made or action brought against any Underwriter or person controlling such Underwriter based upon the final Official Statement as aforesaid, in respect of which indemnity may be sought against the Corporation, such Underwriter shall promptly notify the Corporation in writing setting forth the particulars of such claim or action and the Corporation shall assume the defense thereof including the employment of counsel, satisfactory to the Representatives (who shall not, except with the consent of the Representatives, be counsel of the Corporation) and the payment of all expenses. Any Underwriter or any such controlling person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Underwriter or such controlling person unless the employment, and payment by the Corporation, of such counsel has been specifically authorized by the Corporation or unless in the opinion of counsel for the Underwriters, the Underwriters have a defense or defenses not available to the Corporation.

SECTION 11. Parties in Interest.

This Agreement has been and is made solely for the benefit of the Underwriters and the Corporation and their respective successors, and, to the extent expressed herein, for the benefit of persons controlling any of the Underwriters or the Corporation, and officials of the Corporation, and their respective successors and assigns, and no other person, partnership, association or corporation shall acquire or have any right under or by virtue of this Agreement. The terms “successors” and “assigns” shall not include any purchaser of Securities from any Underwriter merely because of such purchase.

Any provisions of Article 10 of the Public Authorities Law of the State of New York or in this Agreement which relate to taxes imposed under Article 12 or Section 1107 or 1108 of Article 28 of the Tax Law of the State of New York or the apportionment and payment of per capita aid under Section 54 of the State Finance Law or to the funds created by Sections 92-b, 92-d and 92-e of the State Finance Law of the State of New York shall be deemed executory only to the extent of the moneys available to the State of New York in such funds from time to time and no liability on account thereof shall be incurred by the State of New York beyond the moneys available in such funds.

SECTION 12. Notice.

All communications hereunder shall be in writing and, if sent to the Corporation, shall be mailed, delivered or telegraphed and confirmed to it at One World Trade Center, Suite 8901, New York, New
York 10048, with a copy to Paul, Weiss, Rifkind, Wharton & Garrison, 345 Park Avenue, New York, New York 10022; and, if sent to the Underwriters, shall be mailed, delivered or telegraphed and confirmed to the Representatives at the address set forth above.

SECTION 13. Representation.

In all dealings under this Agreement the Corporation shall be entitled to act and rely upon any statement, request, notice or agreement made or entered into by you jointly, or by Salomon Brothers on behalf of you as the Representatives, as having been duly made or entered into on behalf of each of the Underwriters.


This Agreement shall be governed by the laws of the State of New York and may not be assigned by the Corporation or the Underwriters.

If the foregoing is in accordance with the Underwriters' understanding of the agreement among the Corporation and the Underwriters, kindly sign and return to the Corporation the enclosed duplicates hereof, whereupon it will constitute a binding agreement among the Corporation and the Underwriters in accordance with its terms.

Yours very truly,

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

[SEAL]

By Stephen Weinstein  
Authorized Officer

By Heather L. Ruth  
Executive Director

Accepted and confirmed as of the date first above written:

Salomon Brothers  
Goldman, Sachs & Co.

Merrill Lynch White Weld Capital Markets Group  
Merrill Lynch, Pierce, Fenner & Smith Incorporated

Citibank, N.A.

The Chase Manhattan Bank (National Association)

Morgan Guaranty Trust Company of New York

Bache Halsey Stuart Shields Incorporated

Bear, Stearns & Co.

L. F. Rothschild, Unterberg, Towbin

on behalf of themselves and the other Underwriters named in Schedule I hereto.

By Salomon Brothers

By Robert F. Mabon, Jr.  
Vice President

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SCHEDULE I

To Bond Purchase Agreement among Municipal Assistance Corporation For The City of New York and the Underwriters referred to therein

UNDERWRITERS

Salomon Brothers
Goldman, Sachs & Co.
Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Citibank, N.A.
The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin
Representatives

Bancnorthwest
Bankers Trust Company
A. G. Becker Warburg Paribas Becker
Blyth Eastman Paine Webber Incorporated
Alex. Brown & Sons
Chemical Bank
Continental Bank/Continental Illinois National
Bank and Trust Company of Chicago
Dillon, Read & Co. Inc.
Donaldson, Lufkin & Jenrette Securities
Corporation
Drexel Burnham Lambert Incorporated
Ehrlich-Bober & Co., Inc.
The First Boston Corporation
The First National Bank of Chicago
Glickenhaus & Co.
Harris Trust and Savings Bank
E. F. Hutton & Company Inc.
Kidder, Peabody & Co. Incorporated
Lebenthal & Co., Inc.
Manufacturers Hanover Trust Company
Marine Midland Bank, N.A.
W. H. Morton & Co. (Div. of American
Express Co.)
New Court Securities Corporation
The Northern Trust Company
John Nuveen & Co. Incorporated
Oppenheimer & Co., Inc.
Shearson Loeb Rhoades Inc.
Smith Barney, Harris Upham & Co. Incorporated
Thomson McKinnon Securities Inc.
United California Bank
Weeden Municipal Securities (Div. of Moseley,
Hallgarten, Estabrook & Weeden Inc.)
Wertheim & Co., Inc.
Dean Witter Reynolds Inc.

Aligelt & Company, Incorporated
American Securities Corporation
Barr Brothers & Co., Inc.
J. C. Bradford & Co.
Langdon P. Cook & Co. Incorporated
European American Bank & Trust Company
Fahnestock & Co.
Geo. B. Gibbons & Company Incorporated
Girard Bank
Matthews & Wright, Inc.
McDonald & Company
North Carolina National Bank
The Philadelphia National Bank
Wm. E. Pollock & Co., Inc.
Prescott, Ball & Turben
Samuel A. Ramirez & Co., Inc.
Roosevelt & Cross, Incorporated
Herbert J. Sims & Co., Inc.
Southeast First National Bank of Miami
Stephens Inc.
Swiss American Securities Inc.
UMIC, Inc.
Underwood Neuhaus & Co., Incorporated
Young, Smith & Peacock, Inc.

Baker, Watts & Co.
Banco Popular de Puerto Rico
Bruns, Nordeman, Rea & Co.
Butcher & Singer Inc.
Colin, Hochstien Co.
Craige Incorporated
Duff & Co., Inc.
A. Webster Dougherty & Co., Incorporated
Douglas & Co. Municipal, Inc.
A. G. Edwards & Sons, Inc.
Fidelity Union Trust Company
First of Michigan Corporation
Gruntal & Co.
Halpert, Oberst & Company
J. B. Hanauer & Co.
Chester Harris & Co., Inc.
William R. Hough & Co.
Howard, Weil, Labouisse, Friedchts Incorporated
Josephthal & Co. Incorporated
Laidlaw Adams & Peck Inc.
Moore & Schley Municipals, Inc.
National Bank of North America
The National City Bank of Cleveland
O'Neill & Feldman, Inc.
Parker, Ryan Inc.
Phillips, Appel & Walden, Inc.
Piper, Jaffray & Hopwood Incorporated
Rauscher Pierce Refsnes, Inc.
The Robinson-Humphrey Company, Inc.
Ryan, Beck & Co.
Donald Sheldon & Co., Inc.
Sterling, Grace Municipal Securities Corporation
Michael A. Weisser, Inc.
Wheat, First Securities, Inc.

Baird, Patrick & Co., Inc.
George K. Baum & Company, Inc.
Carleton D. Beh Co.
Beverly, Bresler & Schulman Incorporated
Birt, Wilson & Co., Inc.
Burgess & Leith Inc.
Carofan & Co., Inc.
The Cherokee Securities Company
The Citizens and Southern National Bank
(Atlanta)
Coogan, Gilbert & Co.
R. W. Corby & Co., Inc.
Cowen & Company
Dolphin & Bradbury
Drysdale Securities Corp.
James J. Duane & Co.
Elkins & Co.
Emanuel and Company
Ernst & Co.
Ferris & Company, Incorporated
First Albany Corporation
First Equity Corp. of Florida
First Interregional Equity Corporation
First Miami Securities, Inc.
First Union National Bank of North Carolina
First Wisconsin National Bank of Milwaukee
Gallagher Capital Corp.
Gibraltar Securities Co.
Hanauer, Stern & Co.
Hartford National Bank and Trust Company
Hefren-Tillotson, Inc.
Henderson, Few & Company
Frank Henjes & Co., Inc.
Hertzfeld & Stern
Horner, Barksdale & Co.
Hutchinson, Shockey, Erley & Co.
Icahn & Co. Inc.
The Illinois Company Incorporated
Industrial National Bank of Rhode Island
Interstate Securities Corporation
Janney Montgomery Scott Inc.
Johnston, Lemon & Co., Inc.
Kormendi, Byrd Brothers, Inc.
The Leedy Corporation
Ledy, Wheeler & Alleman, Incorporated
Legg Mason Wood Walker, Incorporated
M. G. Lewis & Co., Inc.
Liss, Tenner & Goldberg, Inc.
Mabon, Nugent & Co.
Marcus, Stowell & Beye, Inc.
Marks, Allen & Co.
Marshall and Meyer, Inc.
A. E. Masten & Co. Incorporated
C. S. McKee & Co., Inc.
McLaughlin, Piven Inc.
McLiney & Company
Mesirow & Company
Midland Doherty Inc.
E. F. Miller Municipals, Inc.
Miller & Schroeder Municipals, Inc.
E. A. Moos & Co., Inc.
Multi-Vest Securities Inc.
Municipal Investors Service, Inc.
National Bank of Commerce/Memphis
J. A. Overton & Co.
A. E. Pearson, Inc.
Charles G. Peeler & Co., Inc.
R. W. Peters, Rickel & Co., Inc.
D. A. Pincus & Co.
Purcell, Graham & Co., Inc.
T. J. Raney & Sons, Inc.
Arch W. Roberts & Co.
Rodman & Renshaw, Inc.
Rogers & Lamb
Roose, Wade Division of Wm. C. Roney & Company
Scharff & Jones, Incorporated
Seattle First National Bank
M. L. Stern & Co.
Stix & Co., Inc.
Swink & Company, Inc.
Thomas & Company, Inc.
Tollner & Bean, Inc.
Tripp & Co., Inc.
Union Planters National Bank
United Jersey Bank
R. D. White & Company
Warren W. York & Co., Inc.
Zahner & Company
A. W. Zucker & Co.
EXHIBIT A

To

Bond Purchase Agreement

February, 1981

Dear Sirs:

We have been requested by our client, Municipal Assistance Corporation For The City of New York, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation (the “Corporation”), to furnish you our opinion as to the matters herein set forth in connection with the execution of a bond purchase agreement, dated January 21, 1981 (the “Agreement”), by and among the Corporation and each of you as purchasers, and the sale by the Corporation to you thereunder of $100,000,000 aggregate principal amount of the Corporation’s Series 27 Bonds (the “Series 27 Bonds”) together with warrants (the “Warrants”) to purchase $100,000,000 aggregate principal amount of the Corporation’s Series 28 Bonds (the “Series 28 Bonds”) (the Series 27 Bonds together with Warrants being hereinafter referred to as the “Securities”).

In this connection, we have examined the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, each as further amended (the “Act”), the final Official Statement of the Corporation, dated January 21, 1981, with respect to the Securities, as amended or supplemented to the date hereof (the “Final Official Statement”), the By-laws of the Corporation, records of its corporate proceedings, including the Second General Bond Resolution adopted by the Board of Directors of the Corporation on November 25, 1975 (the “Second General Bond Resolution”), the
Series 27 Resolution (the "Series 27 Resolution"), the Series 28 Resolution (the "Series 28 Resolution") and the Warrant Resolution (the "Warrant Resolution"), in each case adopted by the Board of Directors of the Corporation on January 21, 1981, the Agreement and the exhibits attached thereto, and the warrant agreement (the "Warrant Agreement") dated as of February 1, 1981 between the Corporation and United States Trust Company of New York, as warrant agent (in such capacity, the "Warrant Agent"), and have made such further examination of law and fact as we considered necessary in order to form the opinions herein expressed. The Second General Bond Resolution, the Series 27 Resolution and the Series 28 Resolution are herein collectively referred to as the "Resolutions".

Based on the foregoing, we are of the opinion that:

1. The Corporation is a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation, duly created by and validly existing under the Act, with the right and power under the Act to execute and deliver and to perform its obligations under the Agreement and the Warrant Agreement, to issue the Warrants, to adopt the Warrant Resolution and the Resolutions and to issue the Series 27 Bonds and the Series 28 Bonds under the Resolutions.

2. Under the Act, it is a purpose of the Corporation to assist the City of New York (the "City") in providing essential services to its inhabitants without interruption and in creating investor confidence in the soundness of the obligations of the City.

3. The execution and delivery of, and the performance of the obligations under the Agreement and the Warrant Agreement and the issuance of the Warrants, the Series 27 Bonds and the Series 28 Bonds have been duly authorized by proper corporate proceedings of the Corporation. The Agreement and the Warrant Agreement constitute the legal, valid and binding agreements of the Corporation enforceable in accordance with their respective terms except (i) as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights created pursuant to the Agreement or the Warrant Agreement and (ii) the legal power of the Corporation to issue the Series 28 Bonds upon exercise of the Warrants is subject to the provisions of the Act, the Second General Bond Resolution and certain other resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 28 Bonds is issued and delivered. The Warrant Resolution has been duly and lawfully adopted by the Corporation and is in full force and effect. The Resolutions have been duly and lawfully adopted by the Corporation and are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of the holders of the Warrants, the Series 27 Bonds or the Series 28 Bonds, and no other authorization for, or filing or recording of, the Resolutions or the Warrant Resolution is required. Anything in this opinion to the contrary notwithstanding, we express no opinion with respect to the 1978 State Covenant as that term is defined in the final Official Statement.

4. The Series 27 Bonds have been duly authorized, executed, authenticated, issued and delivered and constitute legal, valid, binding, direct and general obligations of the Corporation and are entitled to the benefits of the Second General Bond Resolution and the Series 27 Resolution except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Series 27 Bonds. The Warrants have been duly authorized, executed, countersigned by the Warrant Agent, issued and delivered and constitute legal, valid, binding, direct and general obligations of the Corporation and are entitled to the benefits of the Warrant Agreement except (i) as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Warrants and (ii) the legal power of the Corporation to issue the Series 28 Bonds upon exercise of the Warrants is subject to the provisions of the Act, the Second General Bond Resolution and certain other resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 28 Bonds is issued and delivered.
5. The execution, delivery and receipt of the final Official Statement, the Agreement, the Series 27 Bonds, the Series 28 Bonds, the Warrant Agreement, the Warrants and the Resolutions, under the circumstances contemplated by the Agreement and the final Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the part of the Corporation a breach of, or a default under, any existing law, court or administrative regulation, decree, order, or any agreement, indenture, mortgage, lease or other instrument, in each such case of which we have knowledge, to which the Corporation is subject or by which it is bound.

6. Except as set forth in the final Official Statement, to the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court or public board or body pending or threatened against the Corporation wherein an unfavorable decision, ruling or finding would in any material respect adversely affect the transactions contemplated by the Agreement or which in any way would adversely affect provisions for the payment of principal or interest on the Series 27 Bonds or the Series 28 Bonds or the validity of the Series 27 Bonds of the Series 28 Bonds, the Warrant Agreement, the Warrants, the Resolutions, the Warrant Resolution, the Agreement, or any agreement or instrument to which the Corporation is a party which is used or contemplated for use in connection with consummation of the transactions contemplated by the Agreement.

7. The offering and sale of the Securities by the Corporation to you, and the resale of the Securities by you as contemplated by the Agreement and the final Official Statement, are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(2) of such Act and there is no requirement for the qualification of the Resolutions or any indenture with respect to the Securities or the Series 28 Bonds pursuant to the Trust Indenture Act of 1939, as amended. The Warrants, the Series 27 Bonds and the Series 28 Bonds constitute “municipal securities” as such term is defined in the Securities Exchange Act of 1934, as amended.

8. In the course of the preparation by the Corporation of the final Official Statement, we participated in numerous conferences and conversations with certain of the Corporation’s officials and also consulted on numerous occasions with representatives of certain of you. In this connection, with your concurrence, we did not undertake any independent examination or review of, or otherwise attempt to make any independent verification of, (i) any records or proceedings of, or any factual matters relating to or otherwise involving, the Corporation, the State of New York or any authority, agency or political subdivision thereof or therein, or (ii) any other factual matters contained in the final Official Statement. Accordingly, except with respect to the statements and summaries referred to in paragraph 9 hereof, we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the final Official Statement; it being understood that you are relying on the preparation of the final Official Statement by the Corporation, and certifications of various officials as to the accuracy, completeness and fairness of the statements contained therein. Further, we are not in a position to provide, and we hereby expressly disclaim, any commentary or assurances as to the adequacy or accuracy of the financial statements and other financial and statistical data contained in the final Official Statement. Subject to the foregoing limitations with respect to our engagement, no information was disclosed to us in connection with the preparation of the final Official Statement or in our conferences or conversations referred to above which has caused us to believe that the final Official Statement, as of the date thereof, and as of the date hereof, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

9. The statements set forth in the final Official Statement under the headings “Debt Issuance Plan”, “Certain Developments Affecting the City—Federal Bankruptcy Legislation”, “Various Control Programs” and “Litigation” are in all material respects accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

All opinions rendered herein relating to the enforceability of the Corporation’s obligations under the Resolutions, the Agreement, the Warrant Agreement, the Warrants, the Series 27 Bonds or the
Series 28 Bonds are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

All opinions rendered herein relating to the effect of the Constitution of the State of New York, or state or local finance laws upon the validity, binding effect or enforceability of the Resolutions, the Agreement, the Warrant Agreement, the Warrants, the Series 27 Bonds or the Series 28 Bonds are rendered in reliance upon the opinions of Hawkins, Delafield & Wood, Bond Counsel, of even date herewith addressed to the Corporation and delivered to you in accordance with the Agreement, and, although we have made no independent investigation with respect thereto, such opinions are in form and substance satisfactory to us, and we believe that you and we are justified in relying thereon.

Very truly yours,
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
NEW YORK, NEW YORK

DEAR SIRS:

We have examined a record of proceedings relating to the issuance of $100,000,000 aggregate principal amount of Series 27 Bonds (the "Series 27 Bonds") of the Municipal Assistance Corporation For The City of New York (the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation, created and existing under and pursuant to the Constitution and statutes of the State, including the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended to the date hereof (the "Act").

The Series 27 Bonds are authorized and issued under and pursuant to the Act and the Second General Bond Resolution of the Corporation, adopted November 25, 1975, as amended and supplemented to the date hereof (the "Second General Bond Resolution"), and the Series 27 Resolution, adopted January 21, 1981 (the "Series Resolution"). Said resolutions are herein collectively called the "Resolutions".

The Series 27 Bonds are part of an issue of bonds of the Corporation (the "Bonds") which the Corporation has established and created under the terms of the Second General Bond Resolution and is authorized to issue from time to time for the corporate purposes of the Corporation authorized by the Act, as then in effect and without limitation as to amount except as provided in the Resolutions and certain agreements of the Corporation or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation and with certain others to limit the issuance of additional bonds. The Series 27 Bonds are being issued for purposes set forth in the Resolutions.

The Corporation is authorized to issue Bonds, in addition to the Series 27 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the Series 27 Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Second General Bond Resolution.

The Series 27 Bonds are dated February 1, 1981 except as otherwise provided in the Resolutions with respect to fully registered Series 27 Bonds, will mature on July 1, 2008 and will bear interest payable July 1, 1981 and semi-annually thereafter on January 1 and July 1 in each year at the rate of ten and five-eighths per centum (10 5/8%) per annum.

The Series 27 Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an
integral multiple thereof. Coupon and fully registered Series 27 Bonds are interchangeable as provided in the Resolution. Coupon Series 27 Bonds are numbered 27-08- and fully registered Series 27 Bonds are lettered and numbered 27R-08- followed, in each case, by the number of the Series 27 Bonds. Coupon Series 27 Bonds and fully registered Series 27 Bonds are numbered consecutively from one upward in order of issuance.

The Series 27 Bonds are subject to redemption, commencing on July 1, 1996, and on each July 1 thereafter prior to maturity, in each case in part, as provided in the Resolutions, by operation of the Bond Service Fund through application of Sinking Fund Installments as defined in the Second General Bond Resolution in the amounts set forth in the Series Resolution, at the redemption price of 100% of the principal amount of each Series 27 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the Series 27 Bonds are subject to redemption at the election of the Corporation on and after July 1, 1991, as a whole on any date or in part, by lot, on any interest payment date, at the redemption prices (expressed as percentages of the principal amount), plus accrued interest, if any, to the date of redemption, as set forth in the Series Resolution.

Chapters 168, 169, 868 and 870 of the Laws of 1975, as amended to the date hereof, each enacted by the People of the State, represented in Senate and Assembly of the State and signed into law by the Governor of the State (the “Enabling Legislation”) provide, among other things, the insertion of the Act in the Public Authorities Law, creating the Corporation as aforesaid, adding a new section 92-e to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the “Aid Assistance Fund”) and a special account for the Corporation within the Aid Assistance Fund (the “Special Aid Account”), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature of the State and otherwise payable out of the General Fund of the State to the City of New York, New York (“The City”) thereunder subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, constituting Chapter 16 of such Consolidated Laws; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 41 of such Consolidated Laws; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of chapter seven of the laws of the State of one hundred seventy-two; (iv) any amounts required to be paid by The City to the State to repay an advance made in one hundred seventy-four to subsidize the fare of the New York City Transit Authority; and (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph c of subdivision 7 of such section 54 of the State Finance Law, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the Series 27 Bonds, and interest thereon have been fully paid and discharged, adding a new section 92-d to Article 6 of the State Finance Law establishing a municipal assistance tax fund (the “Tax Assistance Fund”) and a special account for the Corporation within the Tax Assistance Fund (the “Special Tax Account”), and adding a new section 1107 to Article 28 of said Tax Law imposing sales and compensating use taxes in The City at a rate of four percent (4%) on certain items therein described and at a rate of six percent (6%) on the sale of certain parking services (the “Sales Tax”), the revenues derived from which, less such amounts as the Commissioner of Taxation and Finance determines to be necessary for reasonable costs in administering, collecting and distributing such taxes, are required to be paid into the Special Tax Account, together with, after deducting such costs, such amounts, as may be required under the Enabling Legislation to be transferred from the Stock Transfer Tax Fund established by section 92-b of Article 6 of said State Finance Law, into which the revenues derived from a tax imposed by Article 12 of the Tax Law (the “Stock Transfer Tax”) are deposited.
We are of the opinion that:

1. The Corporation is duly created and validly exists as a corporate governmental agency and instrumentality of the State constituting a public benefit corporation under the laws of the State, including the Constitution of the State and the Act, with the good right and lawful authority and power to adopt the Resolutions, to issue the Bonds including the Series 27 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the Series 27 Bonds. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Enabling Legislation, including the Act, is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Series Resolution has been duly and lawfully adopted in accordance with the provisions of the Second General Bond Resolution and is authorized and permitted by the Second General Bond Resolution. The Resolutions have been duly and lawfully adopted by the Corporation and both are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, except for the covenant on behalf of the State required to be set forth in each Series 27 Bond pursuant to Chapter 201 of the Laws of New York of 1978 (the “State Covenant”) as to which a separate opinion has been rendered on the date hereof, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys, securities and funds held or set aside under the Resolutions, subject only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys, securities and funds in the Bond Service Fund and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Bond Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subject to the pledge and lien created by the Resolutions.

3. The Series 27 Bonds have been duly and validly authorized and issued by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Act, and in accordance with the Resolutions. The Series 27 Bonds are valid and binding general obligations of the Corporation payable as provided in the Resolutions, are enforceable in accordance with their terms, respectively, and the terms of the Resolutions, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws validly enacted affecting creditors' rights or remedies generally, and, except as otherwise set forth with respect to the State Covenant as to which a separate opinion has been rendered as aforesaid, are entitled, together with additional Bonds issued under the Second General Bond Resolution, to the equal benefit, protection and security of the provisions, covenants and obligations of the Second General Bond Resolution and of the Act.

4. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall annually, on or before December 1, make and deliver to the Governor and Director of the Budget of the State his certificate stating such sum, if any, as shall be necessary to restore the amount in the Capital Reserve Fund to an amount equal to the Capital Reserve Fund requirement under the Second General Bond Resolution. Subdivision 3 of Section 3036-a of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.

5. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 and of Section 3036-a of the Act, for deposit in the funds established by the Second General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Bond Service Fund to
pay all interest and all principal and redemption premium, if any, on bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such Capital Reserve Fund requirement. Said subdivisions provide for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Aid Assistance Fund into which is paid such per capita aid, subject to certain prior claims as described above, and, to the extent required, subject to the prior claim of the holders of obligations of the Corporation issued or to be issued pursuant to the First General Bond Resolution (as such term is defined in the Second General Bond Resolution), the Tax Assistance Fund into which is paid the Sales Tax, and to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of per capita aid payable to The City and available for apportionment and payment from the General Fund of the State treasury and of such payments out of the Aid and Tax Assistance Funds to the Corporation are subject to annual appropriation for such purposes by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate any such amounts so certified by the Chairman, as aforesaid.

6. The Series 27 Bonds do not constitute a debt either of the State or of The City, and neither the State nor The City shall be liable thereon, nor shall the Series 27 Bonds be payable out of any funds other than those of the Corporation.

7. The State has the good right and lawful authority:

   (a) to provide for the appropriation of, and at least annually to appropriate out of the General Fund of the State amounts for the purpose of per capita aid and to provide, with respect to certain amounts of such per capita aid payable to The City in accordance with the provisions of section 54 of the State Finance Law, for the apportionment and payment into the Special Aid Account, of amounts sufficient to enable the Corporation to fulfill the terms of the Resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make any, or maintain any level of, such appropriation of per capita aid or to continue such procedure for apportionment and payment of such aid;

   (b) to provide for the appropriation of, and at least annually to appropriate to, the Corporation, from the Special Tax Account and from the Stock Transfer Tax Fund, amounts sufficient to enable the Corporation to fulfill the terms of the Resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make such appropriations;

   (c) to suspend the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes and the taxes levied thereunder, in accordance with the Enabling Legislation;

   (d) to impose and to increase or decrease the Sales Tax and the Stock Transfer Tax but the State is not bound or obligated to continue the imposition of said taxes; and

   (e) to establish the Aid Assistance Fund and the Special Aid Account within the Aid Assistance Fund, the Stock Transfer Tax Fund, the Tax Assistance Fund and the Special Tax Account within the Tax Assistance Fund but the State is not bound or obligated to maintain the existence of said funds or accounts.

8. The Corporation, the holders of the Bonds, holders of any evidence of indebtedness of the Corporation or the holders of bonds or notes of The City do not have nor will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Code or otherwise) wherein a creditor of The City or The City seeks to assert a right to any such Taxes, such Stock Transfer Tax Fund or such Special Accounts superior or equal to the rights of holders of bonds issued under the Second General Bond Resolution, neither The City nor such creditor will prevail in the court of final jurisdiction.

9. Under existing law, upon any failure of the State Legislature to make required appropriations for State debt obligations or upon the establishment of a note repayment account pursuant to Section 55
of the State Finance Law, moneys on deposit in the Stock Transfer Tax Fund and the Tax Assistance Fund, including the Special Tax Account therein (each such account or fund as presently constituted being a special fund of the State), would not constitute revenues applicable to the General Fund of the State and hence neither Article 7, Section 16 of the State Constitution nor said Section 55 authorizes or mandates such moneys to be set apart by the State Comptroller either for the payment of State obligations or for deposit into such note repayment account. We are further of the opinion that, under existing law, collections of the Sales Tax and the Stock Transfer Tax which are to be deposited into the Special Tax Account and the Stock Transfer Tax Fund, do not constitute revenues applicable to the General Fund of the State and hence such collections would likewise not be authorized or mandated to be set apart or applied by the State Comptroller either for the payment of the State obligations or for deposit into such note repayment account. Per capita aid is, under existing law, derived from the General Fund of the State and hence, in the event of a failure to appropriate as above described, revenues of the State, otherwise applicable to the General Fund and therefore available for appropriation as per capita aid will be subject to being set apart, or applied as aforesaid.

10. Under existing statutes and court decisions, interest on the Series 27 Bonds is exempt from Federal income taxes and shall at all times be free from New York State and New York City personal income taxes.

11. No registration with, consent of, or approval by any governmental agency or commission is necessary for the execution and delivery and the issuance of the Series 27 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the Series 27 Bonds, and the execution and delivery of the Series 27 Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law.

We have examined the executed Series 27 Bond numbered 27-08-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,
February 5, 1981

Municipal Assistance Corporation
For the City of New York
New York, New York

Dear Sirs:

We have examined a record of proceedings relating to the making, execution and delivery of warrants (the “Warrants”) to purchase $100,000,000 aggregate principal amount of Series 28 Bonds (the “Series 28 Bonds”) of the Municipal Assistance Corporation For the City of New York (the “Corporation”), a corporate governmental agency and instrumentality of the State of New York (the “State”) constituting a public benefit corporation, created and existing under and pursuant to the Constitution and statutes of the State, including the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended to the date hereof (the “Act”).

The Warrants are authorized, made, executed and delivered under and pursuant to the Act, the Warrant Resolution of the Corporation, adopted January 21, 1981 (the “Warrant Resolution”) and the Warrant Agreement dated as of February 1, 1981 (the “Warrant Agreement”) between the Corporation and United States Trust Company of New York, as warrant agent.

The Warrants are dated as of February 1, 1981, expire January 18, 1983 and are in bearer form only.

We are of the opinion that:

1. The Corporation is duly created and validly exists as a corporate governmental agency and instrumentality of the State constituting a public benefit corporation under the laws of the State, including the Constitution of the State and the Act, with the good right and lawful authority and power to adopt the Warrant Resolution, to make, execute and deliver the Warrant Agreement and the Warrants thereunder, and to perform the obligations and covenants contained in the Warrant Agreement and the Warrants. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Warrant Resolution has been duly and lawfully adopted by the Corporation and is in full force and effect.

3. The Warrants have been duly and validly authorized, made, executed and delivered by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Act, including Section 3010(4) thereof, and in accordance with the Warrant Resolution and the Warrant Agreement. The Warrants are valid and binding direct obligations of the Corporation and are enforceable in accordance with their terms and the terms of the Warrant Agreement, subject to the qualifications in paragraph 7 hereof.

4. The Warrant Agreement has been duly authorized, executed and delivered by the Corporation and constitutes a valid and binding agreement of the Corporation, enforceable in accordance with its terms, subject to the qualifications in paragraph 7 hereof.
5. No registration with, consent of, or approval by any governmental agency or commission is necessary for the making, execution and delivery of the Warrant Agreement or the Warrants.

6. The making, execution, delivery and performance of, and compliance with, all of the terms and conditions of the Warrant Agreement and the Warrants, will not result in a violation of or be in conflict with any term or provision of any existing law, except that the legal power of the Corporation to issue the Series 28 Bonds upon exercise of the Warrants is subject to provisions of the Act and the resolutions pursuant to which such Series 28 Bonds are to be issued.

7. The foregoing opinion is qualified only to the extent that (1) the enforceability of the Warrants and the Warrant Agreement may be limited by bankruptcy, insolvency or similar laws validly enacted affecting creditors' rights or remedies generally and (2) the legal power of the Corporation to issue the Series 28 Bonds upon the exercise of the Warrants is subject to applicable provisions of law and certain resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 28 Bonds is issued.

We have examined the executed Warrant numbered 27W-83-1 and, in our opinion, the form of said Warrant and its execution are regular and proper.

Very truly yours,
As representatives of the several Underwriters named in Schedule I to the Bond Purchase Agreement dated January 21, 1981 with the Municipal Assistance Corporation For The City of New York.

c/o Salomon Brothers
One New York Plaza
New York, New York 10004

Gentlemen:

We are Bond Counsel to the Municipal Assistance Corporation For The City of New York (the "Corporation") and are this day rendering our final approving opinion (the "Opinion") relating to the authorization and issuance of the Corporation's Series 27 Bonds (the "Series 27 Bonds"), dated February 1, 1981 and authorized by the Second General Bond Resolution (the "Second General Bond Resolution"), adopted by the Corporation on November 25, 1975, as amended and supplemented, and the Series 27 Resolution (the "Series 27 Resolution"), adopted January 21, 1981, together with Warrants (the "Warrants") authorized by the Warrant Resolution (the "Warrant Resolution"), adopted January 21, 1981 to purchase the Corporation's Series 28 Bonds (the "Series 28 Bonds") authorized by the Second General Bond Resolution and the Series 28 Resolution (the "Series 28 Resolution"), adopted January 21, 1981 (the Series 27 Bonds with Warrants being hereinafter referred to as the "Securities"). The Second General Bond Resolution, the Series 27 Resolution and the Series 28 Resolution are hereinafter collectively referred to as the "Resolutions". The Opinion is being rendered in connection with the delivery of the Securities to Salomon Brothers on behalf of the Underwriters named in Schedule I to the Bond Purchase Agreement for the Securities (the "Bond Purchase Agreement") by and among you, as representatives of said Underwriters and the Corporation.

In connection with the rendering of the Opinion, we have reviewed records of the acts taken by the Corporation in connection with the authorization, sale and issuance of the Securities and the Series 28 Bonds including a record of proceedings of the Corporation relating to the authorization, execution and
delivery of the Bond Purchase Agreement and the Warrant Agreement dated as of February 1, 1981 between the Corporation and United States Trust Company of New York, as warrant agent, were present at various meetings in connection therewith and have participated with others in the preparation of various parts of the Official Statement with respect to the Securities dated January 21, 1981 (the “Official Statement”).

In connection with the sale of the Securities, at the request of the Corporation, we participated and assisted as Bond Counsel in the preparation of the Official Statement and have reviewed the information and representations contained therein. Rendering such assistance involved, among other things, discussions and inquiries concerning various and related subjects, and reviews of and reports on certain documents and proceedings. We also participated in conferences with the board of directors of the Corporation and its officers, agents and employees, the State Comptroller and his deputy, Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel for the Corporation, you and your counsel, White & Case, at which the contents of the Official Statement and related matters were discussed and revised.

The statements set forth in the Official Statement under the headings PAYMENT OF THE BONDS (other than the statistical and financial information under the headings “Per Capita Aid”, “Sales Tax”, “Quarterly Collections of Sales and Compensating Use Taxes in the City” and “Quarterly Collections of Stock Transfer Tax”), DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS (other than the statistical and financial information set forth therein), BONDS AND WARRANTS BEING OFFERED (other than the information under the heading “Certain Tax Consequences”), AGREEMENT OF THE STATE OF NEW YORK and SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION are accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

In the course of the preparation of the Official Statement and in rendering the Opinion and this opinion we have received and relied upon the certificate of no litigation of the Corporation including statements to the effect that, except as noted in the Official Statement, there is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Securities, or in any way contesting or affecting the validity of the Securities, any proceedings of the Corporation taken with respect to the issuance thereof, the pledge or application of any revenues, moneys or securities provided for the payment of the Series 27 Bonds or the existence or powers of the Corporation. In such connection, we have also received and relied upon the opinion of Paul, Weiss, Rifkind, Wharton & Garrison, dated the date hereof, with respect to the absence of litigation against the Corporation. While, except as above stated with respect to information under certain specific headings, we have not undertaken to verify independently and take no responsibility for the correctness or completeness of the statements made in the Official Statement (or in the statistical and financial information as to which we express no opinion) we can and do advise you that in the course of our participation in the preparation of the Official Statement and in our review thereof in the light of the discussion, inquiries and conferences referred to above, nothing has come to our attention which would lead us to believe that the Official Statement contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

We are further of the opinion that the Bond Purchase Agreement has been duly authorized, executed and delivered by, and constitutes a binding agreement of, the Corporation, enforceable in accordance with its terms.

We are further of the opinion that the Series 28 Resolution has been duly and lawfully adopted by the Corporation and is in full force and effect and is valid and binding upon the Corporation and enforceable in accordance with its terms.

We are further of the opinion that the issuance and sale to you of the Securities pursuant to and as contemplated by the Bond Purchase Agreement is exempt from registration under the Securities Act of 1933, as amended, and the resale of the Securities by you would be similarly exempt from registration.
under the Securities Act of 1933, as amended, and there is no requirement for the qualification of the Resolutions or any indenture with respect to the Securities or the Series 28 Bonds pursuant to the Trust Indenture Act of 1939, as amended, and the Warrants, the Series 27 Bonds and the Series 28 Bonds constitute "municipal securities" within the meaning of the Securities Exchange Act of 1934, as amended.

We are further of the opinion that the Series 27 Bonds and the Series 28 Bonds are legal investments, under present provisions of New York law, for all public officers and bodies of the State and political subdivisions of the State and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the State.

Very truly yours,
EXHIBIT E

to
Bond Purchase Agreement

CERTIFICATE OF THE COMMISSIONER
OF TAXATION AND FINANCE

I, James H. Tully, Jr., Commissioner of Taxation and Finance of the State of New York, do HEREBY CERTIFY as follows:

I have reviewed the tabular data and footnotes set forth under the charts "Quarterly Collections of Sales and Compensating Use Taxes in the City" and "Quarterly Collections of Stock Transfer Tax" contained in the final Official Statement with respect to the Series 27 Bonds dated January 21, 1981, as the same has been heretofore supplemented or amended as of the date hereof (the "Official Statement") of the Municipal Assistance Corporation For The City of New York under the sections captioned "Payment of the Bonds—Sales Tax" and "Payment of the Bonds—Stock Transfer Tax." Such tabular data and footnotes are accurate in all material respects and there are no material omissions.

This Certification constitutes my sole opinion and conclusion, and I express no opinion nor give certification with respect to any other portion of the Official Statement.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of February, 1981.

.................................................................
James H. Tully, Jr.
for the purposes of such calculations, the maturity, interest and redemption provisions set forth or referred to on the cover page of the Official Statement for the Series 27 and 28 Bonds (assuming the issuance of $100 million principal amount of Series 28 Bonds on February 25, 1981) and set forth in the respective Series Resolutions for the Series 25 and 26 Bonds. Such addition appears to be correctly applied to the debt service amounts.

C. With respect to the data set forth in column 5 of the Table, we divided the total of all revenues including the total of the Aggregate Sales and Stock Transfer Taxes and Adjusted Per Capita Aid appearing on page 21 of the Official Statement (which revenue amounts have been reduced by $6.4 million, representing the Corporation’s current estimate of its operating expenses for the fiscal year ending June 30, 1981) less the debt service amounts appearing in Column 1 of the Table, by the corresponding debt service amount in column 4 for the years 1982 through 1995 and found such ratios to be correct.

D. With respect to the coverage ratios set forth in the paragraph immediately following the Table, we reviewed an unaudited calculation sheet showing the division of the total of all revenues, referred to in 5C above, by the total of each year’s debt service amount appearing in columns 1 and 4 of the Table and found the range of coverage for the years 1982 through 1995 stated in such paragraph to be correct.

E. With respect to the average coverage ratio stated in such paragraph, we reviewed an unaudited calculation sheet showing the addition of the coverage ratios for the years 1982 through 1995, referred to in 5D above, divided by the number of ratios included in the addition, and found the average of such ratios to be correct.

The procedures referred to above do not constitute an examination made in accordance with generally accepted auditing standards. Also, such procedures would not necessarily reveal matters of significance with respect to the comments in such paragraphs. Accordingly, we make no representations as to questions of legal interpretation or as to the sufficiency of such procedures for your purposes. Further, we have addressed ourselves solely to the foregoing data as set forth in the Official Statement and make no representation as to whether additional information may be required to be set forth in the Official Statement to render such data not misleading.

6. This letter is solely for the information of the Board of Directors of the Corporation and for the information of and assistance to the Underwriters in conducting and documenting their review of the affairs of the Corporation in connection with the mailing of its Official Statement. This letter is not to be used, circulated, quoted or otherwise referred to within or without the underwriting group for any other purpose, nor is it to be filed with or referred to in whole or in part in the Official Statement or any other document, except the Bond Purchase Agreement between the Corporation and the Underwriters and related closing documents.

Yours very truly,
MUNICIPAL ASSISTANCE CORPORATION  
FOR THE CITY OF NEW YORK  

EXTRACT OF MINUTES OF MEETING OF BOARD OF DIRECTORS  
HELD ON JANUARY 21, 1981  

After discussion, upon motion duly made, seconded and unanimously carried, it was:

RESOLVED, that the Series 27 and Series 28 Resolutions, substantially in the form as presented to the meeting, with such non-substantive changes as General Counsel and Bond Counsel may in their discretion require, be and hereby are adopted; and

FURTHER RESOLVED, that the Warrant Resolution authorizing the execution and delivery of the Warrants to purchase Series 28 Bonds and the execution of the Warrant Agreement, be and hereby is adopted; and

FURTHER RESOLVED, that the Official Statement for the offer and sale of the Series 27 Bonds with Warrants be and hereby is approved, and distribution of the Official Statement be and hereby is authorized.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SECOND GENERAL BOND RESOLUTION

Adopted November 25, 1975
RESOLUTION OF THE MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Pursuant to the provisions of Section 1001 of each of the General Bond Resolutions of the Municipal Assistance Corporation For The City of New York, adopted July 2, 1975 and November 25, 1975, respectively, each as amended and supplemented to the date hereof (the “Resolutions”), Section 103 of each of the Resolutions is amended and supplemented by the addition thereto of the following paragraph:

"The Corporation covenants that it will issue no obligations pursuant to the Resolution the payment of which is guaranteed pursuant to the New York City Loan Guarantee Act of 1978, P.L. 95-339 (the "Guarantee Act"). The Corporation further covenants that it will issue no obligations pursuant to any other resolution the payment of which is guaranteed pursuant to the Guarantee Act unless, prior to the issuance of such guaranteed obligations, the Secretary of the Treasury of the United States has waived as to all obligations of the Corporation pursuant to Section 105(e) of the Guarantee Act any priority granted to the United States of America to payment on any debt owed to it by Section 3466 of the Revised Statutes of the United States of America."

This resolution shall take effect immediately upon the filing of a certified copy with the Trustee as identified in each of the Resolutions.

Adopted: November 14, 1978
Certified copy filed with
Trustee November 17, 1978
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
SECOND GENERAL BOND RESOLUTION

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SECOND GENERAL BOND RESOLUTION

Be It RESOLVED by the Board of Directors of the Municipal Assistance Corporation For The City of New York as follows:

ARTICLE I

Definitions and Statutory Authority

101. Definitions. The following terms shall, for all purposes of this Resolution, except as otherwise defined, have the following meanings:

"Act" shall mean the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, and as further amended by Chapters 868 and 870 of the Laws of 1975, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law, both as amended to the date of adoption of this Second General Bond Resolution.

"Authorized Newspaper" shall mean a newspaper customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York.

"Authorized Officer" shall mean any member of the Corporation, its Treasurer, Secretary, any Assistant Secretary, its Executive Director, and any other person authorized by resolution of the Corporation to perform the act or sign the document in question.

"Board" shall mean the Board of Directors of the Corporation, the members of which are appointed and qualified pursuant to the Act.

"Bond" or "Bonds" shall mean any Bond or the issue of Bonds, as the case may be, established and created by this Resolution and issued pursuant to a Series Resolution.

"Bond Service Fund" means the fund by that name established by Section 602.

"Bondholders" or "Holder of Bonds" or "Holder" (when used with reference to Bonds) or any similar term, shall mean any person or party who shall be the bearer of any Outstanding Bond or Bonds
registered to bearer or not registered or the registered owner of any Outstanding Bond or Bonds which shall at the time be registered other than to bearer and "Holder" (when used with reference to coupons) shall mean any person who shall be the bearer of such coupons.

"Capital Reserve Fund" means the fund by that name established by Section 602.

"Capital Reserve Fund Requirement" shall mean, as of any date of calculation, the amount referred to as the capital reserve fund requirement in subdivision 4 of Section 3036-a of the Act, including, as provided in Section 901 hereof, for such purposes any unpaid and matured amounts of principal and interest on the Bonds, or such larger amount as may hereafter be authorized pursuant to the Act as amended from time to time.

"Chairman" shall mean the Chairman of the Board of the Corporation.

"City" shall mean The City of New York.

"Corporation" shall mean the Municipal Assistance Corporation For The City of New York, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation created by the Act, or any body, agency or instrumentality of the State which shall hereafter succeed to the rights, powers, duties and functions of the Corporation.

"Counsel's Opinion" shall mean an opinion signed by an attorney or firm of attorneys selected by or satisfactory to the Corporation (who may be counsel to the Corporation); provided, however, that for the purposes of Article II of this Resolution such term shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds (who may be counsel to the Corporation) selected by the Corporation.

"Fiduciary" or "Fiduciaries" shall mean the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

"First General Bond Resolution" shall mean the General Bond Resolution adopted by the Corporation on July 2, 1975 as heretofore and hereafter supplemented in accordance with the terms thereof.

"Fiscal Year" shall mean any twelve (12) consecutive calendar months commencing with the first day of July and ending on the last day of the following June.
"Governor" shall mean the Governor of the State.

"Mayor" shall mean the Mayor of the City.

"Operating Expenses" shall mean the Corporation's expenses of carrying out and administering its powers, duties and functions, as authorized by the Act, as then in effect, and shall include, without limiting the generality of the foregoing: administrative expenses, legal, accounting and consultant's services and expenses, payments to pension, retirement, health and hospitalization funds, and any other expenses required or permitted to be paid by the Corporation under the provisions of the Act, as then in effect, or this Resolution or the First General Bond Resolution or otherwise.

"Operating Fund" shall mean the fund by that name established by Section 602 of the First General Bond Resolution.

"Outstanding," when used with reference to Bonds, other than Bonds referred to in Section 1105 hereof, shall mean, as of any date, Bonds theretofore or then being delivered under the provisions of this Resolution, except: (i) any Bonds cancelled by the Trustee at or prior to such date, (ii) any Bonds for the payment or redemption of which monies equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held by the Trustee or the Paying Agents in trust (whether at or prior to the maturity or redemption date), provided that if such Bonds are to be redeemed, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, (iii) any Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Article III or Section 406 or Section 1106, and (iv) Bonds deemed to have been paid as provided in subsection 2 of Section 1401.

"Outstanding Note Resolutions" shall mean the note resolutions adopted by the Corporation on September 15, 1975 and November 17, 1975.

"Outstanding Notes" means the notes issued by the Corporation pursuant to the Outstanding Note Resolutions.

"Paying Agent" for the Bonds of any Series shall mean the bank or trust company and its successor or successors, appointed pursuant to the provisions of this Resolution and a Series Resolution or any other resolution of the Corporation adopted prior to authentication and
delivery of the Series of Bonds for which such Paying Agent or Paying Agents shall be so appointed.

"Per Capita Aid" shall mean the amounts of per capita aid payable to the City pursuant to Section 54 of the State Finance Law as the same may be amended from time to time.

"Redemption Price" shall mean, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to this Resolution and the Series Resolution pursuant to which the same was issued.

"Refunding Bonds" shall mean all Bonds constituting the whole or a part of a Series of Bonds delivered on original issuance pursuant to Section 203.

"Resolution" shall mean this Second General Bond Resolution as from time to time amended or supplemented by Supplemental Resolutions or Series Resolutions in accordance with the terms and provisions hereof. The Resolution is sometimes referred to hereinafter as "this Resolution" or "the Resolution".

"Revenues" shall mean all payments to the Corporation pursuant to Sections 3036 and 3036-a of the Act except any payments to the Corporation for credit to the Operating Fund.

"Sales Tax" shall mean the sales and compensating use taxes imposed by Section 1107 of Article 28 of the Tax Law of the State.

"Serial Bonds" shall mean the bonds so designated in a Series Resolution.

"Series of Bonds" or "Bonds of a Series" or words of similar meaning shall mean the Series of Bonds authorized by a Series Resolution.

"Series Resolution" shall mean a resolution of the Corporation authorizing the issuance of a Series of Bonds in accordance with the terms and provisions hereof adopted by the Corporation in accordance with Article X.

"Sinking Fund Installment" shall mean as of any date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, the amount of money required by a Series Resolution, pursuant to which such Bonds were issued, to be paid at all events by the Corporation on a single future July 1 for the retirement of any Outstanding Bonds of said Series which mature after said future July 1, but does not include any amount payable by the Corporation by reason only of the maturity of a Bond, and said future
July 1 is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be the Bonds entitled to such Sinking Fund Installment.

"Special Aid Account" shall mean the special account created for the Corporation in the State Aid Fund.

"State" shall mean the State of New York.

"State Aid Fund" shall mean the Municipal Assistance State Aid Fund established pursuant to Section 92-e of the State Finance Law.

"Stock Transfer Tax" shall mean the tax on the sale or transfer of stock or other certificates imposed by Article 12 of the Tax Law of the State.

"Supplemental Resolution" shall mean a resolution supplemental to or amendatory of this Resolution, adopted by the Corporation in accordance with Article X.

"Term Bonds" shall mean the bonds so designated in a Series Resolution and payable from Sinking Fund Installments.

"Trustee" shall mean the bank or trust company appointed pursuant to Section 801 to act as trustee hereunder, and its successor or successors and any other bank or trust company at any time substituted in its place pursuant to this Resolution.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, as used in this Resolution, refer to this Resolution.

102. Authority for this Resolution. This Second General Bond Resolution is adopted pursuant to the provisions of the Act.

103. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be
issued hereunder by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Corporation and the Holders from time to time of the Bonds and coupons; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Corporation shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds and coupons, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds or coupons over any other thereof except as expressly provided in or permitted by this Resolution.

ARTICLE II

Authorization and Issuance of Bonds

201. Authorization of Bonds. There is hereby established and created an issue of Bonds of the Corporation to be known and designated as “Bonds,” which Bonds may be issued as hereinafter provided without limitation as to amount except as provided in this Resolution or as may be limited by law. There is hereby created by this Resolution, in the manner and to the extent provided herein, a continuing pledge and lien to secure the full and final payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on all of the Bonds issued pursuant to this Resolution. The Bonds shall be general obligations of the Corporation and are secured by the pledge effected pursuant to Section 601 hereof.

The Bonds of the Corporation shall not be a debt of either the State or The City, and neither the State nor The City shall be liable thereon, nor shall they be payable out of any funds other than those of the Corporation; and such Bonds shall contain on the face thereof a statement to such effect.

Any provision hereof relating to the Stock Transfer Tax, the Sales Tax, or Per Capita Aid, or the funds created by Sections 92-h, 92-d or 92-e of the State Finance Law shall be deemed executory only to the extent of the moneys available to the State in such funds from time to time and no liability on account thereof shall be incurred by the State beyond moneys available in such funds.

202. Provisions for Issuance of Bonds. 1. The issuance of the Bonds shall be authorized by a Series Resolution or Series Resolutions
of the Corporation adopted subsequent hereto and the Bonds may be issued in one or more Series. The Bonds of each Series, including Refunding Bonds, shall contain an appropriate Series designation.

Each Series Resolution authorizing the issuance of a Series of Bonds shall also specify:

(1) The authorized principal amount of said Series of Bonds;

(2) The purposes for which such Series of Bonds are being issued, which shall be purposes authorized by the Act, as then in effect;

(3) The date or dates of issue, maturity date or dates and amounts of each maturity of the Bonds of said Series;

(4) The interest rate or rates, or the manner of determining such rate or rates of the Bonds of said Series, and the interest payment dates therefor;

(5) The denomination or denominations of, and the manner of numbering and lettering, the Bonds of such Series, provided that each Bond shall be of the denomination of $5,000 (or such lesser amount as shall be specified in the Series Resolution) or a multiple thereof not exceeding the aggregate principal amount of the Bonds of such Series maturing in the year of maturity of the Bond for which the denomination is to be specified;

(6) The Paying Agent or Paying Agents and, subject to the provisions of Section 802, the place or places of payment of the principal, Sinking Fund Installments, if any, and Redemption Price, if any, of and interest on the Bonds of such Series; provided, however, that such Paying Agent or Paying Agents may be appointed by resolution of the Corporation adopted prior to authentication and delivery of such Series of Bonds in accordance with the provision of Section 802;

(7) The Redemption Price or Redemption Prices, if any, and, subject to Article IV, the redemption terms, if any, for the Bonds of such Series;

(8) If so determined by the Corporation, provisions for the sale or exchange of the Bonds of such Series and for the delivery thereof;
(9) The form or forms of the Bonds of such Series and the coupons to be attached to the coupon Bonds, if any, of such Series and of the Trustee’s certificate of authentication;

(10) The officer or employee of the Corporation directed to attest by manual or facsimile signature, the seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced on the Bonds of such Series; and

(11) Any other provisions deemed advisable by the Corporation, not in conflict with the provisions of this Resolution.

2. All of the Bonds of such Series shall be executed by the Corporation for issuance under the Resolution and delivered to the Trustee and thereupon shall from time to time and in such amounts as directed by the Corporation be authenticated by the Trustee and by it delivered to the Corporation or upon its order, but only upon the receipt by the Trustee of:

(1) A Counsel’s Opinion dated as of the date of such delivery by the Trustee to the effect that (i) the Corporation has the right and power under the Act as amended to the date of such Opinion to adopt the Resolution (with such approvals as may be required by the Act as so amended), and the Resolution has been duly and lawfully adopted by the Corporation and such approvals given, is in full force and effect and is valid and binding upon the Corporation and enforceable in accordance with its terms, and no other authorization for the Resolution is required; (ii) the Resolution creates the valid pledge which it purports to create of the Revenues, moneys, securities and funds held or set aside under the Resolution, subject to the application thereof to the purposes and on the conditions permitted by the Resolution; and (iii) the Bonds of such Series are valid and binding obligations of the Corporation as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Resolution and of the Act as amended to the date of such Opinion, and such Bonds have been duly and validly authorized and issued in accordance with law, including the Act as amended to the date of such Opinion, and in accordance with the Resolution;

(2) A written order as to the delivery of such Bonds, signed by an Authorized Officer of the Corporation;
(3) A copy of the Series Resolution authorizing such Bonds, certified by an Authorized Officer of the Corporation;

(4) Except in the case of Refunding Bonds, a certificate of an Authorized Officer of the Corporation stating that the Corporation is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution or in the First General Bond Resolution; and

(5) Such further documents, moneys and securities as are required by the provisions of this Section 202, and Section 203, or Article X or any Supplemental Resolution adopted pursuant to Article X.

3. No Series of Bonds, other than any Series of Bonds authorized by one or more Series Resolutions adopted prior to November 30, 1975, issued under the Resolution shall be authenticated and delivered by the Trustee except upon receipt by the Trustee of:

(1) A certificate by the New York State Commissioner of Taxation and Finance setting forth the most recent collections for the 12 consecutive calendar months ended not more than two months prior to the date of such certificate, of the Sales Tax and Stock Transfer Tax, and such other taxes, which as of the date of issuance of any such Series of Bonds are levied and collected by the State and are payable into the special account in the Municipal Assistance Tax Fund established for the Corporation.

Where the amount for such 12 consecutive calendar months is greater than the revenue expected by said Commissioner for the next succeeding 12 months from such Sales Tax, Stock Transfer Tax and such other taxes, the certificate shall set forth the estimated amount which is expected to be levied and collected in such next succeeding 12 months and paid into such special account. Any distortion for any such prior 12 consecutive month period occasioned by a change in payment dates, prepayments, and late payments of such Sales Tax, Stock Transfer Tax or such other taxes shall be taken into account in such certification by increasing or decreasing the estimated amount of Sales Tax, Stock Transfer Tax or such other taxes to be levied and collected. In the event the Sales Tax or such other taxes have not been in effect for 12 calendar months
said Commissioner shall use, respectively, collections of the sales and compensating use taxes previously imposed by the City or collections of the tax similarly based to the other taxes referred to above if such tax was previously imposed by the City, as the amount to be certified in lieu of actual collections of the Sales Tax or other taxes, for those months the Sales Tax or other taxes were not in effect;

(2) A certificate of the State Comptroller or the State Director of the Budget setting forth the estimated amount of Per Capita Aid available to be apportioned and paid (or to the extent previously apportioned and paid, the actual amount so apportioned and paid and the estimated amount, if any, available to be apportioned and paid) into the Special Aid Account for the fiscal year of the State during which such Series of Bonds are issued, provided, however, that for the fiscal year of the State ending March 31, 1976, such certificate shall set forth the amount actually apportioned and paid to the City;

(3) A certificate by an Authorized Officer setting forth (a) the maximum amount of principal and interest maturing or otherwise coming due in the current or any succeeding Fiscal Year on any outstanding obligations issued pursuant to the First General Bond Resolution and the Outstanding Note Resolutions (b) the aggregate amount of the principal on Serial Bonds, the Sinking Fund Installments, maturities of Term Bonds not required to be paid from Sinking Fund Installments and interest on all Outstanding Bonds, including such Series, for each Fiscal Year and (c) the aggregate amount of Operating Expenses as estimated by an Authorized Officer for the current Fiscal Year; and

(4) A certificate by an Authorized Officer stating that the aggregate of the amounts set forth pursuant to paragraphs (1) and (2) above after deducting the amount set forth pursuant to paragraph (3)(a) above and the Operating Expenses set forth pursuant to paragraph (3)(c) above, will be at least 1.2 times such aggregate amount set forth in (3)(b) above for each Fiscal Year set forth pursuant to paragraph (3)(b) above.

203. Provisions for Refunding Bonds. (1) All or any part of one or more Series of Refunding Bonds may be authenticated and delivered
upon original issuance to refund all Outstanding Bonds or any part of one or more Series of Outstanding Bonds. No part of a Series of Bonds may be refunded if the Bonds being refunded bear interest at a rate lower than the Bonds of such Series not being refunded. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Act, this Section and of the Series Resolution authorizing said Series of Refunding Bonds.

(2) A Series of Refunding Bonds may be authenticated and delivered only upon receipt by the Trustee (in addition to the receipt by it of the documents required by Section 202) of:

(a) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on the redemption date specified in such instructions;

(b) Irrevocable instructions to the Trustee, satisfactory to it, to make due publication of the notice provided for in Section 1401 to the Holders of the Bonds and coupons being refunded;

(c) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (ii) direct obligations of the United States of America in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of subsection 2 of Section 1401 and any moneys required pursuant to said subsection 2, which direct obligations of the United States of America and moneys shall be held in trust and used only as provided in said subsection 2; and

(d) A certificate of an Authorized Officer containing such additional statements as may be reasonably necessary to show compliance with the requirements of subsection 1 and this subsection 2 of this Section 202.
204. *Additional Obligations.* The Corporation reserves the right to issue bonds, notes or any other obligations, under another and separate resolution so long as the same are not entitled to a charge or lien or right prior or equal to the charge or lien created by, or prior or equal to the rights of the Corporation and Holders of the Bonds provided by, this Resolution and the Act, or with respect to the monies pledged under the Resolution or with respect to proceeds from the Per Capita Aid, the Sales Tax or the Stock Transfer Tax or the sources set forth in the Act, provided however, that, except as otherwise provided in Section 909 hereof the foregoing shall not limit any right, including the right to issue additional obligations, which the Corporation has on the date of adoption of this Resolution under the First General Bond Resolution.

**ARTICLE III**

*General Terms and Provisions of Bonds*

301. *Medium of Payment; Form and Date.* The Bonds shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The Bonds of each Series shall be issued in the form of coupon Bonds, registrable as to principal only, or in the form of fully registered Bonds without coupons, or in both such forms.

Coupon Bonds of each Series shall be dated as of the date specified in the Series Resolution authorizing the issuance thereof. Coupon Bonds of each Series shall bear interest from the date specified in the Series Resolution authorizing the issuance thereof, payable in accordance with, and upon surrender of, the appurtenant interest coupons as they severally mature. Registered Bonds of each Series issued prior to the first interest payment date thereof shall be dated as of the date specified in the Series Resolution authorizing the issuance thereof. Registered Bonds issued on or subsequent to the first interest payment date thereof shall be dated as of the date six months preceding the interest payment date next following the date of delivery thereof, unless such date of delivery shall be an interest payment date, in which case they shall be dated as of such date of delivery; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds of any Series shall be in default, the registered Bonds of such Series issued in lieu of Bonds surrendered for transfer or ex-
change may be dated as of the date to which interest has been paid in full on the Bonds surrendered. Registered Bonds of each Series shall bear interest from their date except as may be otherwise provided in a Series Resolution.

For all purposes of the Act relating to or dealing with the date of the Bonds, registered Bonds of any Series shall be deemed to be dated as of the date specified for the Bonds of such Series in the Series Resolution authorizing the issuance thereof.

All Bonds of each Series shall mature on July 1 of each year in which a maturity is fixed by a Series Resolution. Interest on all Bonds of each Series, except the first installment of interest due on the Bonds of a Series, shall be payable semi-annually on July 1 and January 1 of each year in which an installment of interest becomes due as fixed by a Series Resolution. The first installment of interest due on the Bonds of a Series may be for such period as the Corporation shall fix by Series Resolution provided that the due date thereof shall be January 1 or July 1.

302. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Resolution as may be necessary or desirable to comply with custom, or otherwise, as may be determined by the Corporation prior to the delivery thereof.

303. Execution and Authentication. (1) The Bonds shall be executed in the name of the Corporation by the manual or facsimile signature of its Chairman or other Authorized Officer and its corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced, and attested by the manual or a facsimile signature of such officer or employee of the Corporation as shall be authorized and directed pursuant to the Series Resolution authorizing the issuance thereof, or in such other manner as may be required by law. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been actually authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds
had not ceased to hold such offices or be so employed. Any Bond of a
Series may be signed and sealed on behalf of the Corporation by such
persons as at the actual time of the execution of such Bond shall be
duly authorized or hold the proper office in or employment by the Cor-
poration, although at the date of the Bonds of such Series such persons
may not have been so authorized or have held such office or employment.

(2) The coupons to be attached to the coupon Bonds of each Series
shall be signed by the facsimile signature of the present or any future
Chairman of the Corporation, or in such other manner as may be re-
quired by law, and the Corporation may adopt and use for that purpose
the facsimile signature of any person or persons who shall have been
Chairman of the Corporation at any time on or after the date of the
Bonds of such Series, notwithstanding that he may not have been such
Chairman at the date of any such Bond or may have ceased to be such
Chairman at the time when any such Bond shall be actually authenticated
and delivered.

(3) The Bonds of each Series shall bear thereon a certificate of
authentication, in the form set forth in the Series Resolution
authorizing such Bonds, executed manually by the Trustee unless the
Series Resolution shall authorize execution by the Trustee by fac-
simile signature. Only such Bonds as shall bear thereon such certifi-
cate of authentication shall be entitled to any right or benefit under
the Resolution and no Bond and no coupon thereunto appertaining
shall be valid or obligatory for any purpose until such certificate of
authentication shall have been duly executed by the Trustee. Such
certificate of the Trustee upon any Bond executed on behalf of the
Corporation shall be conclusive evidence that the Bond so authenti-
cated has been duly authenticated and delivered under the Resolution
and that the Holder thereof is entitled to the benefits of the Resolution.

(4) Except as otherwise provided in Section 309, the Trustee,
before authenticating and delivering any coupon Bonds, shall cut off,
cancel and destroy all matured coupons thereto attached, except matured
coupons for which payment in full has not been provided; provided,
however, that when coupon Bonds are issued in exchange for registered
Bonds of any Series upon which interest is in default, as shown by the
records of the Trustee, such coupon Bonds shall have attached thereto
all coupons maturing after the date to which interest has been paid.
in full, as shown by the records of the Trustee, and in case any interest installments shall have been paid in part, appropriate notation shall be made on the coupons to evidence such fact.

304. **Interchangeability of Bonds.** Coupon Bonds, upon surrender thereof at the corporate trust office of the Trustee with all unmatured coupons attached, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same Series and maturity of any of the authorized denominations.

Registered Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of coupon Bonds of the same Series and maturity with appropriate coupons attached, or of registered Bonds of the same Series and maturity of any other authorized denominations.

305. **Negotiability, Transfer and Registry.** All the Bonds issued under this Resolution shall be negotiable as provided in the Act, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain Outstanding, the Corporation shall maintain and keep, at the corporate trust office of the Trustee, books for the registration and transfer of Bonds; and, upon presentation thereof for such purpose at said office, the Corporation shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it or the Trustee may prescribe, any Bond entitled to registration or transfer. So long as any of the Bonds remain Outstanding, the Corporation shall make all necessary provisions to permit the exchange of Bonds at the corporate trust office of the Trustee.

306. **Transfer and Registration of Coupon Bonds.** All coupon Bonds shall pass by delivery, unless registered as to principal other than to bearer in the manner provided in this Section 306. Any coupon Bond may be registered as to principal on the books of the Corporation at the corporate trust office of the Trustee, upon presentation
thereof at said office and the payment of a charge sufficient to reimburse the Corporation or the Trustee for any tax, fee or other governmental charge required to be paid with respect to such registration, and such registration shall be noted on such Bond. After said registration no transfer thereof shall be valid unless made on said books by the registered owner in person or by his attorney duly authorized in writing, and similarly noted on such Bond; but such Bond may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery. Thereafter such Bond may again, from time to time, be registered or discharged from registration in the same manner. Registration of any coupon Bond as to principal, however, shall not affect the negotiability by delivery of the coupons appertaining to such Bond, but every such coupon shall continue to pass by delivery and shall remain payable to bearer.

As to any coupon Bond registered as to principal other than to bearer the person in whose name the same shall be registered upon the books of the Corporation may be deemed and treated as the absolute owner thereof, whether such Bond shall be overdue or not, for all purposes, except for the purpose of receiving payment of coupons; and payment of, or on account of, the principal or Redemption Price, if any, of such Bond shall be made only to, or upon the order of, such registered owner thereof, but such registration may be changed as above provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The Corporation, the Trustee and any Paying Agent may deem and treat the bearer of any coupon as the absolute owner thereof, whether such coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and may deem and treat the bearer of any coupon Bond which shall not at the time be registered as to principal other than to bearer, or the person in whose name any coupon Bond for the time being shall be registered upon the books of the Corporation, as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal or Redemption Price thereof and for all other purposes whatsoever except for the purpose of receiving payment of coupons, and neither the Corporation, nor the Trustee nor any Paying Agent shall be affected by any notice to the contrary. The Corporation agrees to indemnify and save the Trustee and each Paying Agent harmless from
and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such bearer or registered owner.

307. Transfer of Registered Bonds. Each registered Bond shall be transferable only upon the books of the Corporation, which shall be kept for the purpose at the corporate trust office of the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such registered Bond, the Corporation shall issue in the name of the transferee a new registered Bond or Bonds or, at the option of the transferee, coupon Bonds, with appropriate coupons attached, of the same aggregate principal amount and Series and maturity as the surrendered Bond.

The Corporation and the Trustee may deem and treat the person in whose name any Outstanding registered Bond shall be registered upon the books of the Corporation as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Bond and for all other purposes whatsoever, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Corporation nor the Trustee shall be affected by any notice to the contrary. The Corporation agrees to indemnify and save the Trustee harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

308. Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring registered Bonds is exercised, the Corporation shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All Bonds and coupons surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee, provided however, the Trustee is authorized to retain any coupon Bond so surrendered and to re-issue any Bond so retained with unmatured coupons representing interest to become due attached thereto in exchange for a registered Bond or Bonds in accordance with the provisions of Section 304 hereof (any Bond or coupons so retained by the Trustee
shall not be deemed Outstanding while so retained). For every such exchange or transfer of Bonds, whether temporary or definitive, the Corporation or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Resolution, the cost of preparing each new coupon Bond or registered Bond upon each exchange or transfer, and any other expenses of the Corporation or the Trustee incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the Corporation as an Operating Expense. The Corporation shall not be obliged to make any such exchange or transfer of Bonds of any Series during the ten (10) days next preceding an interest payment date on the Bonds of such Series or, in the case of any proposed redemption of Bonds of such Series, next preceding the date of the selection of Bonds to be redeemed.

309. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Corporation shall execute and the Trustee shall authenticate and deliver a new Bond (with appropriate coupons attached in the case of coupon Bonds) of like Series, maturity and principal amount as the Bond and attached coupons, if any, so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond and attached coupons, if any, or in lieu of and substitution for the Bond and coupons, if any, destroyed, stolen or lost, upon filing with Corporation evidence satisfactory to the Corporation and the Trustee that such Bond and attached coupons, if any, have been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Corporation and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Corporation and the Trustee may prescribe and paying such expenses as the Corporation and the Trustee may incur in connection therewith. All Bonds and coupons so surrendered to the Trustee shall be cancelled by it and evidence of such cancellation shall be given to the Corporation.

310. Preparation of Definitive Bonds; Temporary Bonds. The definitive Bonds of each Series shall be lithographed or printed on steel engraved borders. Until the definitive Bonds of any Series are prepared, the Corporation may execute, in the same manner as is provided in
Section 303, and upon the request of the Corporation, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive coupon Bonds, except as to the denominations thereof and as to exchangeability for registered Bonds, one or more temporary Bonds (which may be registrable as to principal and interest), substantially of the tenor of the definitive coupon Bonds in lieu of which such temporary Bond or Bonds are issued, but with or without coupons, in authorized denominations or any whole multiples thereof authorized by the Corporation, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The installments of interest payable on such temporary Bonds in bearer form shall be payable only upon the presentation and surrender of the coupons therefor attached thereto or, if no coupons for such interest are attached thereto, then only upon presentation of such temporary Bonds for notation thereon of the payment of such interest. The Corporation at its own expense shall prepare and execute and, upon the surrender at the corporate trust office of the Trustee of such temporary Bonds, with all unmatured coupons, if any, and all matured coupons, if any, for which no payment or only partial payment has been provided, attached, for exchange and the cancellation of such surrendered temporary Bonds and coupons, the Trustee shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, at the corporate trust office of the Trustee, definitive coupon Bonds, with appropriate coupons attached, or, at the option of the Holder, definitive registered Bonds, of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Resolution.

All temporary Bonds surrendered in exchange for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

ARTICLE IV
Redemption of Bonds

401. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to the provisions of a Series Resolution shall be redeemable, upon published notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms as may be specified in the Series Resolution authorizing such Series.
402. Redemption at the Election or Direction of the Corporation.
In the case of any redemption of Bonds other than as provided in Section 403, the Corporation shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the Corporation in its sole discretion, subject to any limitations with respect thereto contained in the Act or this Resolution and any Series Resolution) and of the monies to be applied to the payment of the Redemption Price. Such notice shall be given at least sixty (60) days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 405 provided, the Trustee, if it holds the monies to be applied to the payment of the Redemption Price, or otherwise the Corporation, shall, prior to the redemption date, pay to the Trustee and the appropriate Paying Agent or Paying Agents an amount in cash which, in addition to other monies, if any, available therefor held by the Trustee and such Paying Agent or Paying Agents, will be sufficient to redeem, on the redemption date at the Redemption Price thereof, together with interest accrued to the redemption date, all of the Bonds to be redeemed. The Corporation shall promptly notify the Trustee in writing of all such payments made by the Corporation to a Paying Agent.

403. Redemption Other Than at Corporation’s Election or Direction. Whenever by the terms of this Resolution the Trustee is required to redeem Bonds other than at the election or direction of the Corporation, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay the Redemption Price thereof, together with interest accrued to the redemption date, to itself and the appropriate Paying Agents in accordance with the terms of this Article IV and, to the extent applicable, the provisions of Section 605.

404. Selection of Bonds to Be Redeemed by Lot. In the event of redemption of less than all of the Outstanding Bonds of like Series and maturity, the Trustee shall assign to each such Outstanding registered Bond of the Series and maturity to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest
denomination of the coupon Bonds of such Series and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers of all such coupon Bonds then Outstanding and the numbers assigned to such registered Bonds as many numbers as, at such unit amount equal to the lowest denomination of coupon Bonds of such Series for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw the Bonds by lot (a) individually or (b) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination of the coupon Bonds of such Series, by the numbers assigned thereto as in this Section 404 provided) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Bonds drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of Bonds and select part of any Bond for redemption. The Bonds to be redeemed shall be the coupon Bonds bearing the numbers so selected and the registered Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such registered Bond of a denomination of more than the lowest denomination of the coupon Bonds of such Series shall be redeemed as shall equal the lowest denomination of the coupon Bonds of such Series for each number assigned to it and so selected.

405. Notice of Redemption. When the Trustee shall receive notice from the Corporation of its election or direction to redeem Bonds pursuant to Section 402, and when redemption of Bonds is required by this Resolution pursuant to Section 403, the Trustee shall give notice, in the name of the Corporation, of the redemption of such Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of registered Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state
that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of registered Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given by publication once a week for at least two (2) successive weeks in an Authorized Newspaper, the first such publication to be not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. In case, by reason of the temporary or permanent suspension of publication of any newspaper, or by reason of any other cause, it shall be impossible to make publication of any required notice as herein provided, then such publication or other notice in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice, provided that such publication or other notice shall, so far as may be possible, approximate the terms and conditions of the publication in lieu of which it is given. The Trustee shall also mail a copy of such notice, postage prepaid, not less than thirty (30) days before the redemption date, to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of Bonds.

406. Payment of Redeemed Bonds. Notice having been given by publication in the manner provided in Section 405, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of Bonds registered other than to bearer presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or his duly authorized attorney, and, in the case of coupon Bonds, all appurtenant coupons maturing subsequent to the redemption date, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date not represented by coupons for matured interest installments. All interest installments represented by
coupons which shall have matured on or prior to the redemption date shall continue to be payable to the bearers of such coupons. If there shall be drawn for redemption less than all of a registered Bond, the Corporation shall execute and the Trustee shall authenticate and deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Bond so surrendered, at the option of the owner thereof, either coupon Bonds or registered Bonds of like Series and maturity in any of the authorized denominations. If, on the redemption date, monies for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Trustee and Paying Agents so as to be available therefor on said date and if notice of redemption shall have been published as aforesaid, then, from and after the redemption date, interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue, and the coupons for interest appertaining thereto maturing subsequent to the redemption date shall be void. If said monies shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE V

Custody and Application of Certain Proceeds of Bonds

501. Application of Certain Proceeds. (1) The Corporation shall apply the amount of the proceeds derived from the sale of each Series of Bonds as shall be specified in the Series Resolution authorizing such Series.

(2) Accrued interest, if any, received upon the delivery of such Series of Bonds shall be deposited in the Bond Service Fund unless such amount is to be otherwise applied as provided in the Series Resolution authorizing such Series. The amount received as a premium over the principal amount of such Series of Bonds, if any, upon the delivery of such Series shall be applied as provided in the Series Resolution authorizing such Series.
ARTICLE VI

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

601. The Pledge Effectuated by the Resolution. The proceeds of sale of the Bonds, the Revenues, and all funds established by the Resolution, and other monies and securities referred to herein (other than monies and securities in the Operating Fund) are hereby pledged for the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. The pledge created by this Resolution, insofar as it relates to revenues, monies and securities and funds pledged either under the First General Bond Resolution or the Outstanding Note Resolutions is, and is hereby expressly declared to be, subordinate in all respects to the pledge of such revenues, monies and securities and funds created by the First General Bond Resolution or the Outstanding Note Resolutions. This pledge shall be valid and binding from and after the time of adoption of this Resolution, and the proceeds of sale of the Bonds, the Revenues as received by the Corporation, all funds and other monies and securities herein pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Corporation irrespective of whether such parties have notice thereof.

602. Establishment of Funds. The following funds are hereby established:

(1) Bond Service Fund, to be held by the Trustee,

(2) Capital Reserve Fund, to be held by the Trustee.

603. Application of Payments. The payments received in accordance with subdivision 1 of Section 3036-a of the Act shall be applied to the Operating Fund, the Bond Service Fund and to the Capital Reserve Fund in accordance with certificates of the Chairman pursuant to which the payment is made, provided, however, that if the amount
of the payment is less than the amount certified, the payment shall be applied pro rata to the respective Funds on the basis of the respective amounts certified. No Revenues received as such payments shall be deposited in the Operating Fund.

604. Operating Fund. The Corporation shall pay out of the Operating Fund the amounts required for the payment of Operating Expenses.

605. Bond Service Fund.

1. The Trustee shall on or before the business day preceding each interest payment date for any of the Bonds pay, out of the amounts then held in the Bond Service Fund, to itself and the Paying Agents, the amounts respectively required for the payment of principal, Sinking Fund Installments, if any, and Redemption Price of, if any, and interest on any Bonds due and payable on such date, and such amounts so paid out shall be irrevocably pledged to and applied to such payments.

2. In the event that on the business day preceding any interest payment date, the amount in the Bond Service Fund shall be less than the amounts respectively required for payment of interest on the Outstanding Bonds and for the payment of the principal and Sinking Fund Installments of the Outstanding Bonds of any Series due and payable on such interest payment date, the Trustee shall withdraw from the Capital Reserve Fund and deposit into the Bond Service Fund such amounts as will increase the amount in the Bond Service Fund to an amount sufficient to make such payment or payments.

3. As soon as practicable after the 45th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, pursuant to Section 403 hereof on such due date, Term Bonds of the Series and maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the principal amount specified for such Sinking Fund Installment of the Term Bonds of such Series and maturity. The Trustee shall so call such Term Bonds for redemption whether or not it then has monies in the Bond Service Fund sufficient to pay the applicable principal amount thereof, together with interest thereon to the redemption date. The Trustee shall pay out of the Bond Service Fund
to the appropriate Paying Agents, on the day preceding each such redemption date, the amount required for the redemption of the Term Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

4. The Corporation may, at any time subsequent to the second day of July of any year but in no event less than forty-five (45) days prior to the succeeding first day of July on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with monies in the Bond Service Fund, at a price not in excess of par, plus unpaid interest accrued to the date of such purchase, Term Bonds payable from such Sinking Fund Installment and any Term Bonds so purchased prior to the first day of July shall be cancelled by the Trustee and evidence of such cancellation shall be given to the Corporation and the aggregate principal amount of the Term Bonds so purchased shall be credited against the Sinking Fund Installment due on such first day of July.

606. Capital Reserve Fund.

1. The Corporation shall deposit into the Capital Reserve Fund (i) all monies paid to the Corporation pursuant to subdivisions 1, 2 and 3 of Section 3036-a of the Act for the purpose of maintaining or restoring the amount in the Capital Reserve Fund to the amount of the Capital Reserve Fund Requirement; (ii) such portion of the proceeds of sale of Bonds, if any, as shall be prescribed by Series Resolution; and (iii) any other monies which may be made available to the Corporation for the purposes of the Capital Reserve Fund from any other source or sources.

2. Monies and securities held for the credit of the Capital Reserve Fund shall be withdrawn by the Trustee and deposited to the credit of the Bond Service Fund at the times and in the amounts required to comply with the provisions of paragraph 2 of Section 605. At any time after December 31, 1980, monies and securities in the Capital Reserve Fund in excess of the Capital Reserve Fund Requirement, upon direction of the Corporation, may be withdrawn by the Trustee and deposited to the credit of the Bond Service Fund.

3. In order further to assure the maintenance of the Capital Reserve Fund in an amount equal to the Capital Reserve Fund Requirement and in compliance with the requirements of subdivision 3 of Section 3036-a of the Act, the Chairman shall annually, on or before December 1, make and deliver to the Governor and Director of the
Budget of the State (with a copy to the Trustee) his certificate stating
the sum, if any, required to restore the Capital Reserve Fund to an
amount equal to the Capital Reserve Fund Requirement. All monies
received by the Corporation from the State pursuant to any such cer-
tification, in accordance with the provisions of subdivision 3 of Section
3036-a of the Act, as amended, shall be deposited in the Capital Reserve
Fund, as required by paragraph 1 of this Section 606.

4. Monies and securities held for the credit of the Capital Reserve
Fund may, and at the direction of the Corporation shall, be withdrawn
from the Capital Reserve Fund by the Trustee and deposited in the Bond
Service Fund for the purchase or redemption of Bonds at any time
provided that subsequent to such purchase or redemption the amount in
the Capital Reserve Fund will not be less than the Capital Reserve Fund
Requirement.

607. Certificate to the State Comptroller and to the Mayor of The
City of New York. In order to assure the maintenance of the Operating
Fund, the Bond Service Fund and the Capital Reserve Fund, not less
than one hundred and twenty days before the beginning of each Fiscal
Year (but prior to February 12 in each calendar year) (but not later
than March 1, 1976 for the Fiscal Year ending June 30, 1976), the Chair-
man shall certify to the State Comptroller and to the Mayor (with
a copy to the Trustee) a schedule setting forth the cash require-
ments of the Corporation for such Fiscal Year and the time or times
when such cash is required, which certification shall be revised from
time to time as required. The total amount so certified by such Chair-
man for such Fiscal Year shall be equal to: (i) the amounts which
are required to be deposited in the Capital Reserve Fund during
such Fiscal Year in order to maintain the Capital Reserve Fund at
the Capital Reserve Fund Requirement; (ii) the amounts required to
be deposited in the Bond Service Fund to pay all interest on and
all payments of principal, Sinking Fund Installments, if any, and
Redemption Price, if any, of Bonds maturing or otherwise coming due
during such Fiscal Year; and (iii) the amounts required to be depos-
it in the Operating Fund as determined by the Corporation, to meet
the Operating Expenses of the Corporation during such Fiscal Year.
In order further to secure the obligations of the Corporation, including
the Bonds, each quarterly payment (to be made on or before April 12,
June 25, October 12 and January 12) by the State Comptroller to the
Corporation in accordance with such certification, shall be an amount,
after taking into account monies then in the Bond Service Fund and available for the purposes of such Fund during such Fiscal Year, not less than the sum of (A) 50% of the interest on all outstanding Bonds the interest on which is payable from the Bond Service Fund of the Corporation payable within six months after the end of the quarterly period for which such payment is made plus (B) 25% of the principal and premium, if any, on all Bonds and Sinking Fund Installments of the Corporation payable within one year after the end of the quarterly period for which such payment is made and of such amount, if any, as may be required to be paid into the Capital Reserve Fund during the Fiscal Year of which such quarterly period is a part. Notwithstanding the foregoing, the Corporation hereby covenants to make the certifications referred to in this Section at such times and in such amounts as shall be necessary to coincide with the State procedures for payment of Per Capita Aid or other sources of revenues and as shall be necessary to make the deposits required herein and to pay the principal of, Redemption Price, if any, and interest on the Bonds when due. If any increase shall occur in the cash requirements specified above, or if payments are required at a time or times earlier than previously certified or if the City shall for any reason fail to make timely payment of the principal and accrued interest due on any obligation issued by the City to the Corporation and maturing within the same Fiscal Year, the Chairman shall certify a revised schedule of cash requirements for such Fiscal Year to the State Comptroller and to the Mayor (with a copy to the Trustees). The schedule accompanying each certification (or revision thereof) shall provide for such payment dates as the Corporation deems appropriate to assure that sufficient funds will be available to meet the obligations of the Corporation as they become due. The Chairman shall exclude from consideration in making any such certification with respect to the funds required by the Corporation for payment of principal of or interest on the Bonds any amounts due to be received as payment of principal of or interest on obligations of the City held by the Corporation.

ARTICLE VII

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

701. Security for Deposits. All monies held hereunder by the Trustee shall be continuously and fully secured, for the benefit of the Corporation and the Holders of the Bonds by direct obligations of the State or of the United States of America or obligations the principal
and interest of which are guaranteed by the State or the United States of America of a market value equal at all times to the amount of the deposit so held by the Trustee; provided, however, (a) that if the securing of such monies is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (b) that it shall not be necessary for the Trustee or any Paying Agent to give security for the deposit of any monies with them held in trust for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any monies which shall be represented by obligations purchased under the provisions of this Resolution as an investment of such monies.

702. Investment of Funds and Accounts Held by the Trustee.

(1) Monies in the Bond Service Fund and the Capital Reserve Fund shall, as nearly as may be practicable, be invested by the Trustee upon direction of the Corporation in writing, signed by an Authorized Officer (which direction shall specify the amount thereof to be so invested and the Corporation in issuing such direction shall take into consideration the dates and times when monies in such Fund will be required for the purposes of this Resolution) in (a) direct obligations of the United States of America, direct obligations of the State or obligations the principal and interest of which are guaranteed by the United States of America or the State, (b) any bond, debenture, note, participation or other similar obligation issued by any of the following Federal agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, Farmers' Home Administration and Export-Import Bank, (c) if permitted by law, any bond, debenture, note, participation or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association, and (d) any other obligation of the United States of America or any Federal agencies which may then be purchased with funds belonging to the State of New York or held in the State treasury. The maturity or redemption date at the option of the holder of any such investment shall coincide as nearly as practicable with but in no event later than the times at which monies in the Bond Service Fund and Capital Reserve Fund will be required for the purposes in this Resolution provided.
(2) Obligations purchased as an investment of monies in any fund or account held by the Trustee under the provisions of this Resolution shall be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such fund or account.

(3) In computing the amount in any fund or account held by the Trustee under the provisions of this Resolution, excepting the Capital Reserve Fund, obligations purchased as an investment of monies therein shall be valued at the cost or market price thereof, whichever is lower, inclusive of accrued interest. In computing the amount of the Capital Reserve Fund, obligations purchased as an investment of monies therein shall be valued at par if purchased at par or at Amortized Value if purchased at other than par. Amortized Value, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of interest payments remaining on such obligation after such purchase and deducting the amount thus calculated for each interest payment date after such purchase from the purchase price in the case of an obligation purchased at a premium and adding the amount thus calculated for each interest payment date after such purchase to the purchase price in the case of an obligation purchased at a discount. Valuation on any particular date shall include the amount of interest then earned or accrued to such date on any monies or investments in the Capital Reserve Fund.

(4) Except as otherwise provided in the Resolution, the Trustee shall sell at the best price obtainable, or present for redemption or exchange, any obligation purchased by it as an investment pursuant to this Resolution whenever it shall be necessary in order to provide monies to meet any payment or transfer from the fund or account for which such investment was made. The Trustee shall advise the Corporation in writing, on or before the twentieth day of each calendar month, of the details of all investments held for the credit of each fund and account in its custody under the provisions of this Resolution as of the end of the preceding month.
(5) In lieu of the investments of monies in obligations authorized in paragraph (1) above, the Trustee shall, to the extent permitted by the Act then in effect, upon direction of the Corporation in writing, signed by an Authorized Officer, deposit monies from any fund or account held by the Trustee under the terms of this Resolution, in interest-bearing time deposits, or shall make other similar investment arrangements, including, but not limited to, repurchase agreements covering obligations of issuers enumerated as authorized for investments pursuant to the provisions of paragraph (1) above, with itself or a member bank or banks of the Federal Reserve System or banks the deposits of which are insured by the Federal Deposit Insurance Corporation or securities dealers approved by an Authorized Officer; provided, that each such interest-bearing time deposit or other similar investment arrangement shall permit the monies so placed to be available for use at the times provided with respect to the investment or reinvestment of such monies; and provided further, that all monies in each such interest-bearing time deposit or other similar investment arrangement shall be continuously and fully secured by obligations of issuers enumerated as authorized for investments pursuant to the provisions of paragraph (1) above, of a market value equal at all times to the amount of the deposit or of the other similar investment arrangement.

(6) No part of the proceeds of any Series of Bonds or any other funds of the Corporation shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in subsection (d)(2) of section 103 of the Internal Revenue Code of 1954 [Title 26 of the United States Code] as then in effect and to be subject to treatment under subsection (d)(1) of said section as an obligation not described in subsection (a) of said section.

703. Liability of Trustee for Investments. The Trustee shall not be liable or responsible for the making of any investment authorized by the provisions of this Article, in the manner provided in this Article, or for any loss resulting from any such investment so made.

ARTICLE VIII
THE TRUSTEE AND THE PAYING AGENTS

801. Appointment and Acceptance of Duties of Trustee. United States Trust Company of New York, in the City, County and State of
New York, is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by written instrument of acceptance deposited with the Corporation.

802. Appointment and Acceptance of Duties of Paying Agents. The Corporation shall appoint one or more Paying Agents for the Bonds of any Series in the Series Resolution authorizing such Bonds or shall appoint such Paying Agent or Paying Agents by resolution of the Corporation adopted prior to the authentication and delivery of such Bonds, and may at any time or from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 812 for the appointment of a successor Paying Agent. The Trustee may be appointed to act as Paying Agent notwithstanding that it may then be acting in the capacity of Trustee.

Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by written instrument of acceptance deposited with the Corporation and the Trustee.

The corporate trust offices of the Paying Agents are hereby designated as the respective agencies of the Corporation for the payment of the interest on and principal or Redemption Price of the Bonds, except that interest on all registered Bonds and the principal and Redemption Price of all registered Bonds and of all coupon Bonds registered as to principal shall be payable at the corporate trust office of the Trustee.

803. Responsibilities of Trustee and Paying Agents. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Corporation and neither the Trustee nor any Paying Agent assumes any responsibility for the correctness of the same. Neither the Trustee nor any Paying Agent shall be deemed to make any representations as to the validity or sufficiency of this Resolution or of any Bonds or coupons issued hereunder or in respect of the security afforded by this Resolution, and neither the Trustee nor any Paying Agent shall incur any responsibility in respect thereof. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the applica-
tion of the proceeds thereof or the application of any monies paid to the Corporation. Neither the Trustee nor any Paying Agent shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own monies, unless properly indemnified. Neither the Trustee nor any Paying Agent shall be liable in connection with the performance of its duties hereunder except for its own negligence or default. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the application of any monies paid to any one of the others.

804. Evidence on Which Fiduciaries May Act. The Trustee and any Paying Agent shall be protected in acting upon any notice, direction, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee and any Paying Agent may consult with counsel, who may or may not be of counsel to the Corporation, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

Whenever the Trustee or any Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Resolution, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Resolution upon the faith thereof, but in its discretion the Trustee or any Paying Agent may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

Except as otherwise expressly provided in this Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Corporation to the Trustee or any Paying Agent shall be sufficiently executed if executed in the name of the Corporation by an Authorized Officer.
805. Compensation. The Corporation shall pay to the Trustee and to each Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution, and the Trustee and each Paying Agent shall have a lien therefor on any and all monies in the Operating Fund. The Corporation further agrees to indemnify and save the Trustee and each Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or default.

806. Permitted Acts and Functions. The Trustee and any Paying Agent may become the owner of any Bonds and coupons, with the same rights it would have if it were not such Trustee or Paying Agent. The Trustee and any Paying Agent may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

807. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Resolution by giving not less than sixty (60) days' written notice to the Corporation and publishing notice thereof, specifying the date when such resignation shall take effect, once in an Authorized Newspaper, and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, as provided in Section 809, in which event such resignation shall take effect immediately on the appointment of such successor.

808. Removal of Trustee. The Trustee shall be removed by the Corporation if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Corporation, and
signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Corporation.

809. Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Corporation covenants and agrees that it will thereupon appoint a successor Trustee. The Corporation shall publish notice of any such appointment made by it in an Authorized Newspaper, such publication to be made within twenty (20) days after such appointment.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the Corporation written notice, as provided in Section 807, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed under the provisions of this Section 809 in succession to the Trustee shall be a bank or trust company organized under the laws of the State of New York, or a national banking association doing business and having its principal office in such State, and having a capital and surplus aggregating at least Fifty Million Dollars ($50,000,000) if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution.

810. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Corporation, an instrument accepting such appointment, and thereupon
such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all monies, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Corporation, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Corporation be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Corporation. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee.

811. Merger, Conversion or Consolidation. Any company into which the Trustee or any Paying Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee or any Paying Agent may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Trustee or Paying Agent without the execution or filing of any paper or the performance of any further act, provided with respect to the Trustee that such company shall be a bank or trust company organized under the laws of any states of the United States or the District of Columbia or a national banking association and shall have an office for the transaction of its business in any of such states or the District of Columbia and shall be authorized by law to perform all the duties imposed upon it by this Resolution.

812. Resignation or Removal of the Paying Agents and Appointment of Successors. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by
giving at least sixty (60) days' written notice to the Corporation and
Trustee. Any Paying Agent may be removed at any time by an instru-
ment filed with such Paying Agent and the Trustee and signed by an
Authorized Officer of the Corporation. Any successor Paying Agent
shall be appointed by the Corporation and (subject to the require-
ments of Section 903) shall be a bank or trust company organized under
the laws of any state of the United States of America or a national ban-
king association, having a capital and surplus aggregating at least
Three Million Dollars ($3,000,000), and willing and able to accept the
office of Paying Agent on reasonable and customary terms and author-
ized by law to perform all the duties imposed upon it by this Resolution.

In the event of the resignation or removal of any Paying Agent,
such Paying Agent shall pay over, assign and deliver any monies held
by it to its successor, or if there be no successor then appointed, to the
Trustee until such successor be appointed.

ARTICLE IX
COVENANTS OF THE CORPORATION

The Corporation covenants and agrees with the Holders of the
Bonds and coupons as follows:

901. Payment of Bonds. The Corporation shall duly and punctu-
ally pay or cause to be paid the principal or Redemption Price, if any,
of every Bond and the interest thereon, at the dates and places and in
the manner provided in the Bonds and in the coupons thereto appert-
taining, according to the true intent and meaning thereof, and shall
duly and punctually pay or cause to be paid all Sinking Fund Install-
ments, if any, becoming payable with respect to any Series of Bonds.
All such payments, to the extent not paid when due and payable, shall
continue to be due and payable and, accordingly, shall be deemed to be
becoming due until the same shall be paid.

902. Extension of Payment of Bonds and Coupons. The Corpo-
ration shall not directly or indirectly extend or assent to the extension
of the maturity of any of the Bonds or the time of payment of any of
the coupons or claims for interest by the purchase or funding of such
Bonds, coupons or claims for interest or by any other arrangement and
in case the maturity of any of the Bonds or the time for payment of
any such coupons or claims for interest shall be extended, such Bonds, coupons or claims for interest shall not be entitled in case of any default under this Resolution to the benefit of this Resolution or to any payment out of any assets of the Corporation or the funds (except funds held in trust for the payment of particular Bonds, coupons or claims for interest pursuant to this Resolution) held by the Trustee or any Paying Agent, except subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended coupons or claims for interest. Nothing herein shall be deemed to limit the right of the Corporation to issue Refunding Bonds as provided in Section 203 and such issuance shall not be deemed to constitute an extension of maturity of Bonds or the time of payment of any of the coupons or claims for interest.

903. Offices for Payment and Registration of Bonds and Coupons. The Corporation shall at all times maintain an office or agency in the Borough of Manhattan, City and State of New York where Bonds and coupons may be presented for payment. The Corporation may pursuant to a Series Resolution or pursuant to resolution adopted in accordance with Section 802 designate an additional Paying Agent or Paying Agents where Bonds and coupons of the Series authorized thereby or referred to therein may be presented for payment. The Corporation shall at all times maintain an office or agency in the Borough of Manhattan, City and State of New York, where Bonds may be presented for registration, transfer or exchange and the Trustee is hereby appointed as its agent to maintain such office or agency for the registration, transfer or exchange of Bonds.

904. Further Assurances. At any and all times the Corporation shall, so far as it may be authorized or permitted by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, confirming and effecting all and singular the rights, Revenues and other monies, securities and funds hereby pledged or assigned, or intended so to be, or which the Corporation may hereafter become bound to pledge or assign. The Corporation further covenants that it
shall cause the Chairman to make and deliver the certificates referred to in sub-section 3 of Section 606 and Section 607 hereof at the times required therein and shall cause the amounts received to be deposited in the appropriate Funds, respectively.

905. Power to Issue Bonds and Make Pledges. The Corporation is duly authorized pursuant to law to create and issue the Bonds and to adopt this Resolution and to pledge the Revenues and other monies, securities and funds purported to be pledged by this Resolution in the manner and to the extent provided in this Resolution. Except to the extent otherwise provided in Section 601, the Revenues and other monies, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by this Resolution, and all corporate action on the part of the Corporation to that end has been duly and validly taken. The Bonds and the provisions of this Resolution are and will be the valid and legally enforceable obligations of the Corporation in accordance with their terms and the terms of this Resolution. The Corporation shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other monies, securities and funds pledged under this Resolution and all the rights of the Bondholders under this Resolution against all claims and demands of all persons whomsoever.

906. Agreement of the State. In accordance with the provisions of Section 3015 of the Act, the Corporation hereby includes in this Resolution the pledge of and agreement with the Holders of the Bonds that the State will not limit or alter the rights vested pursuant to the Act in the Corporation to fulfill the terms of any agreements made with Bondholders, or in any way impair the rights and remedies of such Holders until the Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such Holders, are fully paid and discharged.

907. Creation of Liens. The Corporation shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the revenues, monies and securities in the Capital Reserve Fund, and shall not create or cause to be created any lien or charge
prior to the Bonds on revenues, monies and securities in the Bond Service Fund; provided, however, that nothing contained in this Resolution shall prevent the Corporation from issuing (i) bonds, notes, or any other obligations under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Resolution, (ii) obligations issued in accordance with Article II of the First General Bond Resolution except as limited in Section 909 hereof and (iii) obligations issued in lieu of or in substitution for other obligations pursuant to Sections 304 and 306 through 310 or Sections 406 or 1106 of the First General Bond Resolution.

908. Accounts and Reports. The Corporation shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made for its transactions relating to all Funds established by this Resolution which shall at all reasonable times be subject to the inspection of the Holders of an aggregate of not less than five per cent (5%) in the principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

909. General. The Corporation shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Corporation under the provisions of the Act as then in effect and the Resolution in accordance with the terms of such provisions.

Upon the date of issuance of any of the Bonds, all conditions, acts and things required by the Constitution and statutes of the State of New York and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds, shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the Corporation, shall be within every debt and other limit prescribed by the laws of said State.

If the Corporation shall exercise its power to limit the implementation of the conditions set forth in Section 3038 of the Act or thereafter to permit such conditions to be further limited, any such action shall
be taken by resolution of the Board. When so acting the Board shall make a determination that any such limitation is not so substantial as effectively to constitute a waiver of any of the conditions in Section 3038, or shall make a determination that the conditions shall impose a further condition on the City which determination shall be conclusive and binding upon the holders of the Bonds and the Trustee. A copy of such resolution shall promptly be delivered to the Trustee and to the Governor, the State Legislature, the State Comptroller, the Mayor, the Board of Estimate, the City Council and the City Comptroller and promptly be published by the Corporation.

Subject to the rights of holders of obligations issued pursuant to the First General Bond Resolution, the Corporation shall not modify or amend the First General Bond Resolution in any manner which would have a material adverse effect on the Bondholders, provided, however, that nothing herein shall prevent the Corporation from amending or supplementing the First General Bond Resolution to provide for the issuance of Bonds, Notes or Other Obligations (as such terms are defined in the First General Bond Resolution) as provided in the First General Bond Resolution. No such Bonds, Notes or Other Obligations shall be issued in accordance with Article II of the First General Bond Resolution if such issuance would cause the amounts stated in paragraph (1) and (2) of Subsection 3 of Section 202 after making the deductions provided in subparagraphs 3(a) and 3(c) to be less than 1.2 times such aggregate amount set forth in paragraph 3(b) of subsection 3 of Section 202 for each Fiscal Year set forth pursuant to said paragraph 3(b) if such certifications required to be made pursuant to such Subsection 3 had been made at the time of, and gave effect to, the issuance of such Bonds, Notes or Other Obligations.

The Corporation hereby covenants and agrees with all who may be Holders of the Bonds that it shall not issue and the Corporation represents hereby that there are presently not outstanding any Bonds, Notes, or Other Obligations (as such terms are defined in the First General Bond Resolution), or any bonds, notes or other obligations pursuant to any resolution, including the Outstanding Note Resolutions, of the Corporation, the holders of which would have a right to payment from the State Aid Fund prior or equal to the right of the Holders of the Bonds to payment from such Fund.
ARTICLE X

SERIES RESOLUTIONS AND SUPPLEMENTAL RESOLUTIONS

1001. Modification and Amendment Without Consent. Notwithstanding any other provisions of this Article X, or Article XI, the Corporation may adopt at any time or from time to time Series Resolutions or Supplemental Resolutions for any one or more of the following purposes, and any such Series Resolution or Supplemental Resolution shall become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer:

(1) To provide for the issuance of a Series of Bonds pursuant to the provisions of this Resolution and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid or redeemed;

(2) To add additional covenants and agreements of the Corporation for the purpose of further securing the payment of the Bonds, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Corporation contained in this Resolution;

(3) To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the Corporation which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(4) To surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of this Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in this Resolution;

(5) To confirm as further assurance any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of this Resolution, of the Revenues or of any other monies, securities or funds;

(6) To modify any of the provisions of this Resolution or any previously adopted Series Resolution in any other respects, provided that such modifications shall not be effective until after all Bonds of any Series of Bonds Outstanding as of the date of adop-
tion of such Series Resolution or Supplemental Resolution shall cease to be Outstanding, and all Bonds issued under such resolutions shall contain a specific reference to the modifications contained in such subsequent resolutions; or

(7) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in this Resolution or to insert such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable in the event any such modifications are not contrary to or inconsistent with this Resolution as theretofore in effect.

1002. **Supplemental Resolutions Effective With Consent of Bondholders.** The provisions of this Resolution may also be modified or amended at any time or from time to time by a Supplemental Resolution, subject to the consent of Bondholders in accordance with and subject to the provisions of Article XI hereof, such Supplemental Resolution to become effective upon the filing with the Trustee of a copy thereof certified by an Authorized Officer.

1003. **General Provisions Relating to Series Resolutions and Supplemental Resolutions.** This Resolution shall not be modified or amended in any respect except in accordance with and subject to the provisions of this Article X and Article XI. Nothing contained in this Article X or Article XI shall affect or limit the rights or obligations of the Corporation to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of Section 904 or the right or obligation of the Corporation to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in this Resolution provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Series Resolution and Supplemental Resolution adopted by the Corporation when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution and is valid and binding upon the Corporation and enforceable in accordance with its terms,
The Trustee is hereby authorized to accept delivery of a certified copy of any Series Resolution or Supplemental Resolution permitted or authorized pursuant to the provisions of this Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee shall be fully protected in relying on Counsel’s Opinion that such Series Resolution or Supplemental Resolution is authorized or permitted by the provisions of this Resolution.

No Series Resolution or Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent may be adopted by the Corporation without the written consent of the Trustee or Paying Agent affected thereby.

ARTICLE XI
AMENDMENTS OF RESOLUTIONS

1101. Powers of Amendment. Any modification or amendment of this Resolution and of the rights and obligations of the Corporation and of the Holders of the Bonds and coupons hereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as hereinafter provided in Section 1102, (a) of the Holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, or (b) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least two-thirds in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, or (c) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least two-thirds in principal amount of the Bonds of the particular Series, maturity and interest rate entitled to such Sinking Fund Installment Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or
maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds and coupons of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing provisions Bonds of any particular Series or maturity would be affected by any modification or amendment of this Resolution and any such determination shall be binding and conclusive on the Corporation and all Holders of Bonds. The Trustee may receive an opinion of counsel, including Counsel’s Opinion, as conclusive evidence as to whether Bonds of any particular Series or maturity would be so affected by any such modification or amendment of this Resolution.

1102. Consent of Bondholders. The Corporation may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1101 to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall promptly after adoption be mailed by the Corporation to Bondholders and be published at least once a week for two (2) successive weeks (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until (a) there shall have been filed with the Trustee (i) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 1101 and (ii) a Counsel’s Opinion stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Corporation in accordance with the provisions of this Resolution, is authorized or permitted by this Resolution, and is valid and binding upon the Corporation and enforceable in accordance with its terms, and (b) a notice shall have been published as hereinafter in this Section 1102.
provided. Each such consent shall be effective only if accompanied by proof of the holding at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1301. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 1301 shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Holder of the Bonds giving such consent and, anything in Section 1301 to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 1102 provided for is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 1301. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Corporation and the Trustee a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Corporation on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section 1102, shall be given to Bondholders by the Corporation by mailing such notice to Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 1102 provided) and by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Trustee herein-
above provided for is filed. The Corporation shall file with the Trustee proof of the publication of such notice, and, if the same shall have been mailed to Bondholders, of the mailing thereof. A transcript, consisting of the papers required or permitted by this Section 1102 to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Corporation, the Trustee, each Paying Agent and the Holders of all Bonds and coupons at the expiration of thirty (30) days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such thirty (30) day period; provided, however, that the Corporation, the Trustee and any Paying Agent during such thirty (30) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their reasonable discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

1103. Modifications by Unanimous Consent. The terms and provisions of this Resolution and the rights and obligations of the Corporation and of the Holders of the Bonds and coupons thereunder may be modified or amended in any respect upon the adoption and filing with the Trustee by the Corporation of a copy of a Supplemental Resolution certified by an Authorized Officer and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in Section 1102, except that no notice to Bondholders either by mailing or publication shall be required.

1104. Mailing and Publication. (1) Any provision in this Article for the mailing of a notice or other document to Bondholders shall be fully complied with if it is mailed postage prepaid only (i) to each registered owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of the Corporation, (ii) to each Holder of any Bond payable to bearer who shall have filed with the Trustee within two (2) years preceding such mailing an address for notices, and (iii) to the Trustee.

(2) Any provision in this Article for publication of a notice or
other matter shall require the publication thereof only in an Authorized Newspaper.

1105. Exclusion of Bonds. Bonds owned or held by or for the account of the Corporation shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Resolution, and the Corporation shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Resolution. At the time of any consent or other action taken under this Resolution, the Corporation shall furnish the Trustee a certificate of an Authorized Officer, upon which the Trustee may rely, describing all Bonds so to be excluded.

1106. Notation on Bonds. Bonds delivered after the effective date of any action taken as in Article X or this Article XI provided may, and if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Corporation and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and upon presentation of his Bond for such purpose at the corporate trust office of the Trustee suitable notation shall be made on such Bond by the Trustee as to any such action. If the Corporation or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Corporation to conform to such action shall be prepared and delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds with all unpaid coupons, if any, appertaining thereto.

ARTICLE XII
DEFAULTS AND REMEDIES

1201. Trustee to Exercise Powers of Statutory Trustee. The Trustee shall be and hereby is vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to Section 3017 of the Act and the right of Bondholders to appoint a trustee pursuant to Section 3017 of the Act is hereby abrogated in accordance with the provision of subdivision 2(g) of Section 3012 of the Act.

1202. Events of Default. Each of the following events is hereby declared an "event of default," that is to say; if
(a) the Corporation shall default in the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise; or

(b) the Corporation shall default in the payment of interest on any of the Bonds and such default shall continue for a period of thirty (30) days; or

(c) the Corporation shall fail or refuse to comply with the provisions of subdivision 1 of Section 3036-a of the Act, or the State Comptroller shall fail to pay to the Corporation, as and when required by such Section, for deposit in the Capital Reserve Fund, the Bond Service Fund or the Operating Fund any amount or amounts as shall be certified by the Chairman pursuant to such provisions of the Act or the Corporation shall fail or refuse to deposit in the Capital Reserve Fund or the Bond Service Fund the amount or amounts received by the Corporation for deposit in such Funds, respectively; or

(d) the Corporation shall fail or refuse to comply with the provisions of subdivisions 2 and 3 of Section 3036-a of the Act, or the State shall fail to appropriate and pay to the Corporation, as and when required by such Section, for deposit in the Capital Reserve Fund any amount or amounts as shall be certified by the Chairman pursuant to such provisions of the Act or the Corporation shall fail or refuse to deposit in the Capital Reserve Fund the amount or amounts received by the Corporation for deposit in such Fund; or

(e) the Corporation shall fail or refuse to comply with the provisions of the Act, other than as provided in (c) or (d) above, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part contained in this Resolution, any Series Resolution, any Supplemental Resolution, or in the Bonds, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the Holders of not less than five per centum (5%) in principal amount of the Outstanding Bonds; or

(f) the State shall for any reason fail or refuse to continue the imposition of either the Sales Tax imposed by Section 1107
of Article 28 of the Tax Law as the same may be from time to time amended or the Stock Transfer Tax imposed by Sections 270 and 270-a of Article 12 of such Law as the same may be from time to time amended or if the rates of such taxes shall be reduced to rates less than those in effect on July 2, 1975; or

(g) the State shall fail to maintain the existence of either the special account for the Corporation in the municipal assistance tax fund established pursuant to Section 92-d of the State Finance Law or the stock transfer tax fund established by Section 92-b of said Law; or

(h) the State shall for any reason fail or refuse to apportion and pay Per Capita Aid or shall fail to maintain the State Aid Fund and the Special Aid Account therein or shall reduce the amount of Per Capita Aid payable during the current Fiscal Year to an amount less than the maximum amount of principal of and interest maturing or otherwise coming due on the Outstanding Bonds in the current or any future Fiscal Year.

1203. Remedies. (1) Upon the happening and continuance of any event of default specified in paragraph (a) or (b) of Section 1202, the Trustee shall proceed, or upon the happening and continuance of any event of default specified in paragraphs (c), (d), (e), (f), (g) or (h) of Section 1202, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bondholders, and to require the Corporation to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the Holders of the Bonds;

(d) by action or suit in equity, to enjoin any acts or things
which may be unlawful or in violation of the rights of the Holders of the Bonds;

(e) in accordance with the provisions of the Act, to declare all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, to annul such declaration and its consequences.

(2) In the enforcement of any remedy under this Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Corporation for principal, Redemption Price, interest or otherwise, under any provision of this Resolution or a Series Resolution or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Corporation for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable.

1204. Priority of Payments After Default. In the event that the funds held by the Trustee and Paying Agents shall be insufficient for the payment of interest and principal, Sinking Fund Installments or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds or coupons which have theretofore become due at maturity or by call for redemption) and any other monies received or collected by the Trustee acting pursuant to the Act and this Article XII, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under this Resolution, shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,
First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds and coupons.

The provisions of this Section 1204 are in all respects subject to the provisions of Section 902.

Whenever monies are to be applied by the Trustee pursuant to the provisions of this Section, such monies shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such monies available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such monies with the Paying Agents, or otherwise setting aside such monies in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever
to the Corporation, to any Bondholder or to any other person for any delay in applying any such monies, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such monies, it shall fix the date (which shall be an interest payment date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the Holder of any unpaid coupon or any Bond unless such coupon or such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

1205. Termination of Proceedings. In case any proceeding taken by the Trustee on account of any event of default shall have been discontinued or abandoned for any reason, then in every such case the Corporation, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

1206. Bondholders' Direction of Proceedings. Anything in this Resolution to the contrary notwithstanding, the Holders of the majority in principal amount of the Bonds then Outstanding shall have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

1207. Limitation on Rights of Bondholders. No Holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or
enforcement of any right under this Resolution or any right under law unless such Holder shall have given to the Trustee written notice of the event of default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Resolution or for any other remedy hereunder or under law. It is understood and intended that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder or under law with respect to the Bonds or this Resolution, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Holders of the Outstanding Bonds and coupons. Notwithstanding the foregoing provisions of this Section or any other provisions of this Article XII, the obligation of the Corporation shall be absolute and unconditional to pay the principal and Redemption Price of and interest on the Bonds to the respective Holders thereof and the coupons pertaining thereto at the respective due dates thereof, and nothing herein shall affect or impair the right of action, which is absolute and unconditional, of such Holders to enforce such payment.

Anything to the contrary notwithstanding contained in this Section 1207, or any other provision of this Resolution, each Holder of any Bond by his acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under this Resolution or any Series Resolution, or in any suit against the Trustee for any action taken or omitted by
it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least twenty-five per centum (25%) in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal or Redemption Price of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

1208. Possession of Bonds by Trustee Not Required. All rights of action under this Resolution or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the coupons appertaining thereto or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Holders of such Bonds and coupons, subject to the provisions of this Resolution.

1209. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

1210. No Waiver of Default. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Resolution to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

1211. Notice of Event of Default. The Trustee shall give to the Bondholders notice of each event of default hereunder known to the Trustee within ninety (90) days after knowledge of the occurrence
thereof, unless such event of default shall have been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the principal, Sinking Fund Installment, or Redemption Price or interest on any of the Bonds, or in the making of any payment required to be made into the Operating Fund, the Bond Service Fund or the Capital Reserve Fund, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Bondholders. Each such notice of event of default shall be given by the Trustee by mailing written notice thereof: (1) to all registered Holders of Bonds, as the names and addresses of such Holders appear upon the books for registration and transfer of Bonds as kept by the Trustee; (2) to such Bondholders as have filed their names and addresses with the Trustee for that purpose; and (3) to such other persons as is required by law.

ARTICLE XIII

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOFS OF OWNERSHIP OF BONDS

1301. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Resolution to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Bondholders in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or, in the case of coupon Bonds, by any bank, trust company, or other depository of such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the holding and ownership of Bonds shall be sufficient for any purpose of this Resolution (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Bondholder or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by delivery of a certificate, which need not be acknowledged or veri-
fied, of an officer of any bank, trust company, or other depository, or of any notary public, or other officer authorized to take acknowledgements. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(b) The fact of the holding of coupon Bonds by any Bondholder and the amount and the numbers of such Bonds and the date of his holding the same (unless such Bonds be registered as to principal other than to bearer) may be proved by a certificate executed by an officer of any bank, trust company, or other depository, if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with or exhibited to such bank, trust company, or other depository the Bonds described in such certificate. The Trustee may conclusively assume that such ownership continues until written notice of the contrary is served upon the Trustee. The ownership of registered Bonds shall be proved by the registry books kept by the Trustee under the provisions of this Resolution.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which may seem sufficient. Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond in respect of anything done or suffered to be done by the Corporation, the Trustee or any Paying Agent in pursuance of such request or consent.

ARTICLE XIV

DEFEASANCE

1401. Defeasance. 1. If the Corporation shall pay or cause to be paid to the Holders of all Bonds and coupons then Outstanding, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Corporation, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Trustee, the covenants, agreements and other obligations of the
Corporation to the Bondholders shall be discharged and satisfied. In such event, the Trustee shall, upon the request of the Corporation, execute and deliver to the Corporation all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Corporation all money, securities and funds held by them pursuant to the Resolution which are not required for the payment or redemption of Bonds or coupons not theretofore surrendered for such payment or redemption.

2. Bonds or coupons or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Fiduciaries (through deposit by the Corporation of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with effect expressed in subsection 1 of this Section. All Outstanding Bonds of any Series and all coupons appertaining to such Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with effect expressed in subsection 1 of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish as provided in Article IV of the Resolution notice of redemption on said date of such Bonds, (b) there shall have been deposited with the Trustee either monies in an amount which shall be sufficient, or direct obligations of the United States of America the principal of and the interest on which when due will provide monies which, together with the monies, if any, deposited with the Trustee at the same time, shall be sufficient, to pay, when due, the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to publish, as soon as practicable, at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper a notice to the Holders of such Bonds and coupons that the deposit required by (b) above has been made with the Trustee and that said Bonds and coupons are deemed to have been paid in accordance with this Section and stating such maturity or
redemption date upon which monies are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds. Neither direct obligations of the United States of America or monies deposited with the Trustee pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such direct obligations of the United States of America deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in direct obligations of the United States of America maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge.

3. Anything in the Resolution to the contrary notwithstanding, any monies held by a Fiduciary in trust for the payment and discharge of any of the Bonds or coupons which remain unclaimed for six years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such monies were held by the Fiduciary at such date, or for six years after the date of deposit of such monies if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, at the written request of the Corporation, be repaid by the Fiduciary to the Corporation, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Corporation for the payment of such Bonds and coupons; provided, however, that before being required to make any such payment to the Corporation, the Fiduciary shall, at the expense of the Corporation, cause to be published at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper, a notice that said monies remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication of such notice, the balance of such monies then unclaimed will be returned to the Corporation.
ARTICLE XV

MISCELLANEOUS

1501. Preservation and Inspection of Documents. All documents received by the Trustee or any Paying Agent under the provisions of this Resolution or any Series Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Corporation, the Trustee or any Paying Agent and after written request received by the Trustee at least five business days prior to the date of inspection, by any Holder of Outstanding Bonds and their agents and representatives, any of whom may make copies thereof.

1502. Parties of Interest. Nothing in this Resolution or in any Series Resolution adopted pursuant to the provisions hereof, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than the Corporation, Trustee, Paying Agents and the Holders of the Bonds and coupons pertaining thereto any rights, remedies or claims under or by reason of this Resolution or any Series Resolution or any covenants, condition or stipulation thereof; and all covenants, stipulations, promises and agreements in this Resolution and any Series Resolution contained by or on behalf of the Corporation shall be for the sole and exclusive benefit of the Corporation, Trustee and Paying Agents and the Holders from time to time of the Bonds and the coupons pertaining thereto.

1503. No Recourse Under Resolution or on Bonds. All covenants, stipulations, promises, agreements and obligations of the Corporation contained in this Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Corporation and not of any member, officer or employee of the Corporation in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on this Resolution against any member, officer or employee of the Corporation or any natural person executing the Bonds.

1504. Severability. If any one or more of the covenants, stipulations, promises, agreements or obligations provided in this Resolution on the part of the Corporation, Trustee or any Paying Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, stipulation or stipu-
lations, promise or promises, agreement or agreements, obligation or obligations shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions of this Resolution.

1505. *Headings.* Any headings preceding the texts of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

1506. *Conflict.* All resolutions or parts of resolutions or other proceedings of the Corporation in conflict herewith be and the same are repealed insofar as such conflict exists.

1507. *Effective Date.* This Resolution shall take effect immediately upon its adoption.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Series 27 Resolution

Authorizing
$100,000,000
SERIES 27 BONDS

Adopted January 21, 1981
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 27 RESOLUTION AUTHORIZING
$100,000,000
SERIES 27 BONDS

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<td>Authorized Officers</td>
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</tr>
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<td>404</td>
<td>When Effective</td>
<td>29</td>
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</table>
SERIES 27 RESOLUTION AUTHORIZING
$100,000,000
SERIES 27 BONDS

BE IT RESOLVED by the Board of Directors of the Municipal Assistance Corporation For The City of New York, as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

SECTION 101. Series 27 Resolution. This Series 27 Resolution Authorizing $100,000,000 Series 27 Bonds is supplemental to, and constitutes a Series Resolution within the meaning of and is adopted in accordance with Article X of, the resolution adopted by the Corporation on November 25, 1975, as amended and supplemented, entitled “Second General Bond Resolution” and referred to herein as the “Resolution”.

SECTION 102. Definitions. (a) All terms which are defined in Section 101 of the Resolution shall have the same meanings, respectively, in this Series 27 Resolution Authorizing $100,000,000 Series 27 Bonds as such terms are given in said Section 101 of the Resolution.

(b) In addition, as used in this Series 27 Resolution Authorizing $100,000,000 Series 27 Bonds, unless the context shall otherwise require, the following terms shall have the following respective meanings:

“Bond Purchase Agreement” shall mean the Bond Purchase Agreement dated as of January 21, 1981, by and among the Corporation and the Purchasers.


“Series 27 Resolution” shall mean this Series 27 Resolution Authorizing $100,000,000 Series 27 Bonds.
"Series 27 Bonds" shall mean the Bonds authorized by Article II of this Series 27 Resolution.

"Warrants" shall mean the warrant certificates dated as of February 1, 1981, authorized pursuant to the Corporation's Warrant Resolution Authorizing Warrants For the Purchase of $100,000,000 Series 28 Bonds, adopted January 21, 1981.

(c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons, but shall not include the Corporation.

(d) The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, as used in this Series 27 Resolution, refer to the Series 27 Resolution.

Section 103. Authority for the Series 27 Resolution. This Series 27 Resolution is adopted pursuant to the provisions of the Act and the Resolution.

Article II
Authorization, Terms and Issuance of Series 27 Bonds

Section 201. Authorization of Series 27 Bonds, Principal Amount, Designation and Series. The Series 27 Bonds are hereby authorized to be issued in the aggregate principal amount of $100,000,000 pursuant to and subject to the terms, conditions and limitations established in the Resolution and this Series 27 Resolution and shall be deemed to be Term Bonds within the meaning of the Resolution. In addition to the title "Bonds", such Series of Bonds shall bear the additional designation of "Series 27" and each as so designated shall be entitled "Series 27 Bonds" and may be issued in coupon form payable to bearer and registrable as to principal only or in fully registered form.

Section 202. Purposes. The purposes for which the Series 27 Bonds are being issued are to pay a portion of the proceeds to the City upon certification by the Mayor of the City to the Corporation that the amount is required by the City to pay for items permitted by law to be included in the City's capital budget during the fiscal year in which the amount is to be paid to the
City and to make deposits into the Capital Reserve Fund, it being hereby
determined that such deposits, in addition to the amounts currently on de-
posit in such fund, constitute a reasonably required reserve fund.

SECTION 203. Date of Series 27 Bonds. The Series 27 Bonds shall
be dated February 1, 1981, except as otherwise provided in Section 301 of the
Resolution with respect to certain registered Series 27 Bonds issued on or
after the first interest payment date. Registered Series 27 Bonds issued prior
to the first interest payment date thereof shall be dated February 1, 1981.

SECTION 204. Maturity and Interest Rate. The Series 27 Bonds shall
bear interest at the rate of 10% % per annum and shall mature on July 1, 2008.

SECTION 205. Interest Payments. The Series 27 Bonds shall bear
interest from February 1, 1981, payable on July 1, 1981 and semi-annually
thereafter on January 1 and on July 1 in each year, to the date of maturity
or earlier redemption, and thereafter shall bear interest at the same rate until
the Corporation’s obligation with respect to the payment of the principal sum
of the Series 27 Bonds is discharged.

SECTION 206. Denominations, Numbers and Letters. The Series 27
Bonds shall be issued in the denomination of $5,000 in the case of Series 27
Bonds in coupon form payable to bearer and in the denomination of $5,000
or an integral multiple of $5,000 in fully registered form without coupons.
The Series 27 Bonds in coupon form shall be designated 27-08- and the
Series 27 Bonds in fully registered form without coupons shall be designated
27R-08-. Each such number and each such number and letter designated
above shall be followed by the number of the Series 27 Bond. Series 27 Bonds
in coupon form and Series 27 Bonds in fully registered form shall be num-
bered consecutively from 1 upwards in order of issuance. Any Series 27
Bond in coupon form payable to bearer surrendered to the Trustee in any
exchange or transfer pursuant to Section 308 of the Resolution shall be
cancelled forthwith by the Trustee upon its books, provided, however,
that the Trustee is authorized to retain any Series 27 Bond in such coupon
form so surrendered and to re-issue, if necessary, any such Bond so retained
with unmatured coupons representing interest to become due attached thereto
in exchange for a registered Series 27 Bond or Bonds in accordance with
the provisions of Section 304 of the Resolution (any such Series 27 Bond
or coupon so retained by the Trustee shall not be deemed Outstanding while
so retained).
**SECTION 207. CUSIP Number.** The Corporation is hereby authorized, in its discretion or if so requested by the Purchasers, to provide for the assignment of a CUSIP number for the Series 27 Bonds and to have such CUSIP number printed thereon, and the Corporation may direct the Trustee to use such CUSIP number in notices of redemption and on checks payable to registered Bondholders as a convenience to Bondholders, provided that any such notice shall state that no representation is made as to the correctness of such number either as printed on the Series 27 Bonds or as contained in any notice of redemption.

**SECTION 208. Places of Payment and Paying Agents.** The principal and Redemption Price of, and interest on, the Series 27 Bonds in coupon form payable to bearer shall be payable at the following, hereby appointed Paying Agents hereunder: the corporate trust office of The Chase Manhattan Bank (National Association), in the Borough of Manhattan, City and State of New York, or, at the option of the holder, at Bank of America National Trust and Savings Association, in the City and County of San Francisco, State of California. The interest on all registered Series 27 Bonds, and the principal and Redemption Price of all registered Series 27 Bonds and of all Series 27 Bonds issued in coupon form payable to bearer and registered as to principal shall be payable at the corporate trust office of the Trustee.

**SECTION 209. Optional Redemption of Series 27 Bonds and Terms.** The Series 27 Bonds shall be subject to redemption at the election of the Corporation, at any time on and after July 1, 1991, as a whole on any date, or in part, by lot, on any interest payment date or dates, at the Redemption Prices (expressed as a percentage of the principal amount) plus accrued interest, if any, to the date of redemption, as set forth below:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1991 to December 31, 1992</td>
<td>102 %</td>
</tr>
<tr>
<td>January 1, 1993 to June 30, 1994</td>
<td>101 1/2</td>
</tr>
<tr>
<td>July 1, 1994 to December 31, 1995</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1996 to June 30, 1997</td>
<td>100 1/2</td>
</tr>
<tr>
<td>July 1, 1997 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

**SECTION 210. Sinking Fund Installments.** The Series 27 Bonds shall be subject to redemption, in part, by operation of the Bond Service Fund through application of Sinking Fund Installments beginning on July 1, 1996, as herein provided, upon published notice, all as prescribed in Article IV.
of the Resolution, at the Redemption Price of one hundred per centum (100%) of the principal amount of each Series 27 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption. Unless none of the Series 27 Bonds shall then be Outstanding and, subject to the provisions of Section 605 of the Resolution permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and the Corporation shall be required to pay for the retirement of the Series 27 Bonds on July 1 of each of the years set forth in the following table, the amount set forth opposite such year in said table, and the said amount to be paid on each such date is hereby established as and shall constitute a Sinking Fund Installment for retirement of the Series 27 Bonds:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
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<tbody>
<tr>
<td>1996</td>
<td>$5,830,000</td>
<td>2003</td>
<td>$8,235,000</td>
</tr>
<tr>
<td>1997</td>
<td>5,920,000</td>
<td>2004</td>
<td>8,525,000</td>
</tr>
<tr>
<td>1998</td>
<td>6,015,000</td>
<td>2005</td>
<td>8,835,000</td>
</tr>
<tr>
<td>1999</td>
<td>6,105,000</td>
<td>2006</td>
<td>9,175,000</td>
</tr>
<tr>
<td>2000</td>
<td>6,200,000</td>
<td>2007</td>
<td>9,535,000</td>
</tr>
<tr>
<td>2001</td>
<td>7,710,000</td>
<td>2008</td>
<td>9,950,000*</td>
</tr>
<tr>
<td>2002</td>
<td>7,965,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Payment at maturity.

SECTION 211. Selection by Lot. If less than all of the Series 27 Bonds are to be redeemed, the particular Bonds to be redeemed shall be selected by lot in accordance with Section 404 of the Resolution.

SECTION 212. Sale of the Series 27 Bonds. The Series 27 Bonds authorized to be issued herein, together with the Warrants, shall be sold to the Purchasers at the purchase price set forth in the Bond Purchase Agreement but in no event less than $97,375,000 plus accrued interest on the Series 27 Bonds from February 1, 1981 to the date of delivery thereof and payment therefor, and any Authorized Officer is hereby authorized to execute the Bond Purchase Agreement in the name and on behalf of the Corporation and to deliver the same to the Purchasers.

Any Authorized Officer is hereby authorized to permit the distribution of a final Official Statement in substantially the form presented at this meeting with such changes, omissions, insertions and revisions as such officer shall deem advisable and to sign and deliver such final Official Statement in the name and on behalf of the Corporation to the Purchasers. The Corporation hereby ratifies the use in conjunction with the sale of the Series 27 Bonds
with Warrants by the Purchasers of the Preliminary Official Statement dated January 15, 1981.

The Series 27 Bonds shall be delivered to the Purchasers at such time and place as shall be determined by the Corporation, subject to the conditions of the Bond Purchase Agreement.

SECTION 213. Series 27 Bond Proceeds Account. There is hereby established the Series 27 Bond Proceeds Account to be held by the Trustee. On the date of delivery of and payment for the Series 27 Bonds and Warrants, the proceeds of sale of the Series 27 Bonds and Warrants, exclusive of accrued interest, shall be deposited in the Series 27 Bond Proceeds Account. Such amounts shall be disbursed for the purposes set forth in Section 202 hereof upon the written instructions of an Authorized Officer of the Corporation delivered to the Trustee.

ARTICLE III
FORMS AND EXECUTION OF SERIES 27 BONDS AND COUPONS

SECTION 301. Forms of Bonds and Coupons of Series 27 Bonds. Subject to the provisions of the Resolution, the Series 27 Bonds in coupon form and coupons to be attached thereto and the Series 27 Bonds in registered form, together with the form of assignment therefor, and the Trustee's Certificate of Authentication, shall be in substantially the following forms and tenors:

(FORM OF COUPON SERIES 27 BOND)

No. 27-08- . . . $5,000

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 27 BOND

THE MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK (hereinafter sometimes called the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (herein sometimes called the "State") constituting a public benefit corporation, organized and existing under and pursuant to the laws of the State of New York, acknowledges itself indebted to, and for value received, hereby promises to pay to the bearer or, if this Bond be registered as herein provided, to the registered owner hereof, upon presentation and surrender of this Bond, the principal
sum of FIVE THOUSAND DOLLARS ($5,000) on the first day of July, 2008, unless redeemed prior thereto as hereinafter provided, and to pay interest thereon at the rate of per centum ( %) per annum, payable on July 1, 1981 and semi-annually thereafter on January 1 and on July 1, in each year, from the date hereof to the date of maturity or earlier redemption of this Bond and thereafter at the same rate, until the Corporation’s obligation with respect to the payment of such principal sum shall be discharged, but with respect to interest due on or before the maturity of this Bond only according to the tenor and upon presentation and surrender of the attached coupons as they respectively become due and payable. Both principal and redemption premium, if any, of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts, at the corporate trust office of The Chase Manhattan Bank (National Association), in the Borough of Manhattan, City and State of New York, or, at the option of the holder, at the corporate trust office of Bank of America National Trust and Savings Association, in the City and County of San Francisco, State of California. The principal of this Bond, if registered, is payable only at the corporate trust office of United States Trust Company of New York, in the Borough of Manhattan, City and State of New York, as trustee under the resolution of the Corporation adopted November 25, 1975, as amended and supplemented, entitled “Second General Bond Resolution” (herein called the “Second General Bond Resolution”), or its successor as trustee (herein called the “Trustee”), in like coin or currency.

This Bond is one of a duly authorized issue of bonds of the Corporation designated as its “Bonds” (herein called the “Bonds”), issued and to be issued in various series under and pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law (Chapter 43-A of the Consolidated Laws of the State of New York), as amended (herein called the “Act”), and under and pursuant to the Second General Bond Resolution and the series resolution authorizing each such series.

The Bonds are general obligations of the Corporation payable out of any payments to the Corporation pursuant to Sections 3036 and 3036-a of the Act except for amounts pledged pursuant to the General Bond Resolution of the Corporation adopted July 2, 1975, as amended and supplemented (the “First General Bond Resolution”), and the rights of the holders of the Bonds to such amounts are declared to be expressly subordinate to the rights of the holders of obligations issued pursuant to the First General Bond Resolution.
and any payments to the Corporation for credit to the Operating Fund as defined in and established pursuant to the First General Bond Resolution. The Bonds are entitled to a first lien created by the pledge under the Second General Bond Resolution of all revenues, moneys and securities in the Bond Service Fund and the Capital Reserve Fund (as defined therein). The Second General Bond Resolution provides for the application of the amounts in the Capital Reserve Fund and in the Bond Service Fund to the payment, when due, of the principal or redemption price, if any, of and interest on the Bonds. Pursuant to the Second General Bond Resolution, such revenues, moneys and securities include each of the following: (i) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Aid Fund established by the State Finance Law (Chapter 56 of said Consolidated Laws), which are required to be made only if and to the extent that moneys appropriated by the Legislature of the State of New York as per capita aid pursuant to Section 54 of the State Finance Law payable to The City of New York (herein sometimes called the “City”) shall have been apportioned and paid into and be available in the Special Aid Account established within such Municipal Assistance Aid Fund for the Corporation; (ii) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Tax Fund established by the State Finance Law, which are required to be made only if and to the extent that moneys from the sales and compensating use taxes as imposed by Section 1107 of Article 28 of the Tax Law (Chapter 60 of said Consolidated Laws) and, if required, the stock transfer tax imposed by Article 12 of said Tax Law, have been appropriated by the Legislature of the State of New York from the Special Tax Account established within such Municipal Assistance Tax Fund for the Corporation or that revenues shall have otherwise been made available therefor by the State of New York; (iii) all amounts received by the Corporation from the State of New York as payments for deposit into the Capital Reserve Fund (pursuant to the Act by certification annually on or before December 1, of the Chairman to the Governor and the Director of the Budget of the State of New York, of the amount necessary to restore the Capital Reserve Fund to its required amount); and (iv) investment earnings of moneys in the Capital Reserve Fund and Bond Service Fund; provided, however, that pursuant to the Act, any provision therein or in the Resolutions or in any other agreement between the Corporation and the holders of Bonds, relating to said per capita aid, taxes and such Municipal Assistance Aid Fund, the Special Aid Account, the Municipal Assistance Tax Fund, the Special Tax Account and the Stock Transfer Tax Fund established by the State Finance Law, shall be deemed
executory only to the extent of the moneys available to the State of New York in such Funds from time to time and the State of New York shall incur no liability on account thereof beyond such moneys.

As provided in the Second General Bond Resolution, the Bonds may be issued from time to time pursuant to series resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Second General Bond Resolution. The aggregate principal amount of Bonds which may be issued pursuant to the Second General Bond Resolution is not limited except as provided in the Second General Bond Resolution and in certain other resolutions and agreements of the Corporation, or as may be limited by law, and all Bonds issued and to be issued pursuant to the Second General Bond Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Second General Bond Resolution.

This Bond is one of a series of Bonds designated “Series 27 Bonds” (herein called the “Series 27 Bonds”), issued in the aggregate principal amount of $100,000,000 pursuant to the Second General Bond Resolution and the series resolution of the Corporation, adopted January 21, 1981, entitled “Series 27 Resolution Authorizing $100,000,000 Series 27 Bonds” (said resolutions being herein collectively called the “Resolutions”), for purposes authorized by the Act. Copies of the Resolutions are on file at the office of the Corporation and at the corporate trust office of the Trustee and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Series 27 Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Series 27 Bonds with respect thereto and the terms and conditions upon which the Series 27 Bonds are issued and may be issued thereunder.

Pursuant to the provisions of Section 10-a of the New York State Financial Emergency Act for The City of New York, as amended (constituting Chapter 1 of Title 16 of McKinney's Unconsolidated Laws of the State of New York) (herein called the “Control Act”), the State has authorized and requires the Corporation to include in any agreement made by the Corporation with holders of its bonds issued after September 28, 1978, including the Series 27 Bonds, and the Corporation hereby includes in this Series 27 Bond, a pledge and agreement of the State that it will not take any action which will (a) substantially impair the authority of the board
(as defined in the Control Act) during a control period, as defined in subdivision twelve of Section two of the Control Act as in effect on the date the Series 27 Bonds are issued (i) to approve, disapprove, or modify any financial plan or financial plan modification, including the revenue projections (or any item thereof) contained therein, subject to the standards set forth in paragraphs a, c, d, e and f of subdivision one of Section eight of the Control Act as in effect on the date the Series 27 Bonds are issued and paragraph b of such subdivision one as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization (as defined in the Control Act) if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove a proposed short-term or long-term borrowing of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section seven of the Control Act, or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the Control Act) of City revenues; (b) substantially impair the authority of the board to review financial plans, financial plan modifications, contracts of the City or the covered organizations and proposed short-term or long-term borrowings of the City and the covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the composition of the board so that the majority of the voting members of the board are not officials of the State elected in a state-wide election or appointees of the Governor of the State; (e) terminate the existence of the board prior to the time to be determined in accordance with Section thirteen of the Control Act as in effect on the date the Series 27 Bonds are issued; (f) substantially modify the requirement that the City’s financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the board; or (g) alter the definition of a control period set forth in such subdivision twelve of Section two of the Control Act, as in effect on the date the Series 27 Bonds are issued, or substantially alter the authority of the board, as set forth in said subdivision twelve to reimpose or terminate a control period; provided, however, that the foregoing pledge and agreement shall be of no further force and effect with respect to a holder of a Series 27 Bond if at any time (i) there is on deposit in a separate trust account with a bank, trust company or other fiduciary sufficient moneys or direct obligations of the United States or obligations guaranteed by the United States, the principal of and/or interest on which will provide moneys to pay punctually when due at maturity or prior to maturity by redemption, in accordance with their terms, all principal of
and interest on all outstanding Series 27 Bonds and irrevocable instructions from the Corporation to such bank, trust company or other fiduciary for such payment of such principal and interest with such moneys shall have been given, or (ii) such Series 27 Bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged. The foregoing pledge and agreement with the holder of this Series 27 Bond is in full force and effect.

To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Corporation with the written consent of the holders of at least two-thirds in principal amount of the Bonds then Outstanding (as defined in the Second General Bond Resolution), or, in case less than all of the series of Bonds would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each series so affected then Outstanding, or, in case of a Sinking Fund Installment (as defined in the Second General Bond Resolution) change, with such consent of the holders of at least two-thirds in principal amount of the Outstanding Bonds affected thereby; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds.

This Series 27 Bond is transferable by delivery except when registered as to principal otherwise than to bearer. It may be registered as to principal in the name of the owner on the books of the Corporation kept for that purpose at the corporate trust office of the Trustee, such registration to be noted hereon, after which no transfer hereof shall be valid unless made on said books by the registered owner in person, or by his attorney duly authorized in writing, and similarly noted hereon; but this Series 27 Bond may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery; and this Series 27 Bond may again and from time to time be registered or discharged from registration in the same manner. Registration of this Series 27 Bond shall not affect the negotiability of the coupons, which shall continue to be payable to bearer and transferable by delivery.

The Series 27 Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $5,000 and in the form of registered Bonds without coupons in the denomination of $5,000 or an integral multiple
thereof, not exceeding the aggregate principal amount of the Series 27 Bonds. Coupon Series 27 Bonds, upon surrender thereof at the corporate trust office of the Trustee, with all unmatured coupons attached, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of registered Series 27 Bonds of any of the authorized denominations and bearing the same rate of interest, in the manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Resolutions. In like manner, subject to such conditions and upon payment of such charges, if any, registered Series 27 Bonds, upon surrender thereof at the corporate trust office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Series 27 Bonds with appropriate coupons attached, and/or Series 27 Bonds without coupons of any other authorized denominations, bearing the same rate of interest.

The Series 27 Bonds are not subject to redemption prior to July 1, 1991.

The Series 27 Bonds are subject to redemption at the election of the Corporation at any time on and after July 1, 1991, as a whole on any date or in part, by lot, on any interest payment date, as provided in the Resolutions, at the following Redemption Prices (as defined in the Resolutions) (expressed as a percentage of the principal amount), plus accrued interest, if any, to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1991 to December 31, 1992</td>
<td>102 %</td>
</tr>
<tr>
<td>January 1, 1993 to June 30, 1994</td>
<td>101 ½</td>
</tr>
<tr>
<td>July 1, 1994 to December 31, 1995</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1996 to June 30, 1997</td>
<td>100 ½</td>
</tr>
<tr>
<td>July 1, 1997 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

The Series 27 Bonds are also subject to redemption, in part, by lot, on July 1 in each year on and after July 1, 1996, as provided in the Resolutions, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 in each of the years shown below the principal amount of such Series 27 Bonds specified therefor:
<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>$5,830,000</td>
<td>2002</td>
<td>$7,965,000</td>
</tr>
<tr>
<td>1997</td>
<td>5,920,000</td>
<td>2003</td>
<td>8,235,000</td>
</tr>
<tr>
<td>1998</td>
<td>6,015,000</td>
<td>2004</td>
<td>8,525,000</td>
</tr>
<tr>
<td>1999</td>
<td>6,105,000</td>
<td>2005</td>
<td>8,835,000</td>
</tr>
<tr>
<td>2000</td>
<td>6,200,000</td>
<td>2006</td>
<td>9,175,000</td>
</tr>
<tr>
<td>2001</td>
<td>7,710,000</td>
<td>2007</td>
<td>9,535,000</td>
</tr>
</tbody>
</table>

The Corporation may, at any time not prior to 12 months prior to an interest payment date on which a Sinking Fund Installment is scheduled to be due, but in no event less than 45 days prior to such date, direct the Trustee to purchase, at a price not in excess of par, plus unpaid interest, if any, accrued to the date of such purchase, Series 27 Bonds payable from such Sinking Fund Installment and apply any Series 27 Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the Series 27 Bonds are to be redeemed, notice of such redemption (a) shall be given by publication once a week for at least two (2) successive weeks in a newspaper customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York, as provided in the Resolutions, the first such publication to be not less than thirty (30) days nor more than sixty (60) days prior to the redemption date, and (b) shall be mailed, postage prepaid, not less than thirty (30) days before the redemption date to the registered owners of any Series 27 Bonds or portions of the Series 27 Bonds to be redeemed, provided, however, that such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of the Series 27 Bonds. Notice of redemption having been given, as aforesaid, the Series 27 Bonds or portions thereof so called for redemption shall become due and payable at the applicable Redemption Price hereinabove provided, and, from and after the date so fixed for redemption, interest on the Series 27 Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon Series 27 Bonds maturing subsequent to the redemption date shall be void.

The Series 27 Bonds shall not be a debt of either the State of New York or The City of New York, and neither the State of New York nor The City of New York shall be liable thereon, nor shall the Series 27 Bonds be payable out of any funds other than those of the Corporation.
This Series 27 Bond is fully negotiable for all purposes of the Uniform Commercial Code (Chapter 38 of said Consolidated Laws), and each holder or owner of this Series 27 Bond, or of any coupon appurtenant hereto, by accepting this Series 27 Bond or coupon shall be conclusively deemed to have agreed that this Series 27 Bond or coupon is fully negotiable for those purposes.

Neither this Series 27 Bond nor any coupon for interest thereon shall be entitled to any security, right or benefit under the Resolutions or be valid or obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Trustee.

Neither the Directors of the Corporation nor any other person executing the Series 27 Bonds shall be subject to any personal liability or accountability by reason of the issuance thereof.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of New York and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Series 27 Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the Series 27 Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.

In Witness Whereof, the Municipal Assistance Corporation for the City of New York has caused this Series 27 Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary and the interest coupons hereto attached to be executed by the facsimile signature of said Chairman, all as of the first day of February, 1981.

Municipal Assistance Corporation
For the City of New York

By ........................................
Chairman

[seal]

Attest: ......................................
Secretary
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the Series 27 Bonds of the Municipal Assistance Corporation For The City of New York.

United States Trust Company
of New York, Trustee

By ........................................

Authorized Signature

No. ........................................
(form of coupon) $ ..................

The Municipal Assistance Corporation For The City of New York on the 1st day of ........................................, (unless the Bond hereinafter mentioned shall have been duly called for previous redemption and payment of the Redemption Price made or duly provided for) will pay to bearer the amount shown hereon in any coin or currency of the United States of America which, on the date of payment hereof, shall be legal tender for the payment of public and private debts, at the corporate trust office of The Chase Manhattan Bank (National Association), in the Borough of Manhattan, City and State of New York, or, at the option of the holder, at the corporate trust office of Bank of America National Trust and Savings Association, in the City and County of San Francisco, State of California, upon presentation and surrender of this coupon, being the interest then due on its Series 27 Bond, dated February 1, 1981, No. 27-08- ....

By ........................................

Chairman, Municipal Assistance Corporation For The City of New York

Provisions for Registration

(No writing below except by the Trustee as Registrar.)

| Date of Registration | Name of Registered Holder | Authorized Signature |
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Series 27 Bond

% Due July 1, 2008  % Due July 1, 2008

The Municipal Assistance Corporation For The City of New York (herein and on the reverse side hereof sometimes called the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (herein and on the reverse side hereof sometimes called the "State") constituting a public benefit corporation, organized and existing under and pursuant to the laws of the State of New York, acknowledges itself indebted to, and for value received, hereby promises to pay to .......... or registered assigns, upon presentation and surrender of this Bond, the principal sum of .......... Dollars on the first day of July, 2008, unless redeemed prior thereto as hereinafter provided, and to pay to the registered owner hereof interest thereon per annum at the rate specified above, payable on July 1, 1981 and semi-annually thereafter on January 1 and on July 1, in each year, from the Date shown below to the date of maturity or earlier redemption of this Bond and thereafter at the same rate, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, at the corporate trust office in the City of New York, New York, of the Trustee hereinafter mentioned. Both principal and redemption premium, if any, of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

The Bonds of the Series of which this Bond is one (herein and on the reverse side hereof designated "Series 27 Bonds") shall not be a debt of
either the State of New York or The City of New York (herein and on the reverse side hereof sometimes called the "City"), and neither the State of New York nor The City of New York shall be liable thereon, nor shall the Series 27 Bonds be payable out of any funds other than those of the Corporation.

This Series 27 Bond shall not be entitled to any security, right or benefit under the Resolutions (as defined on the reverse side hereof) or be valid or obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Trustee.

Neither the Directors of the Corporation nor any other person executing the Series 27 Bonds shall be subject to any personal liability or accountability by reason of the issuance thereof.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of New York and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Series 27 Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the Series 27 Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.

In witness whereof, the Municipal Assistance Corporation for the City of New York has caused this Series 27 Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, all as of the Date shown below.

Municipal Assistance Corporation for the City of New York

Date: ____________________________

By ........................................
Chairman

[SEAL]

Attest: ...................................
Secretary

Assistant Secretary
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 27 Bonds described in the within-mentioned Resolutions.

UNITED STATES TRUST COMPANY
OF NEW YORK, Trustee

By ........................................

Authorized Signature

[Reverse of Form of Registered Series 27 Bonds]
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 27 BOND

...% Due July 1, 2008

This Bond is one of a duly authorized issue of bonds of the Corporation designated as its “Bonds” and herein so referred to, issued and to be issued in various series under and pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law (Chapter 43-A of the Consolidated Laws of the State of New York), as amended (herein called the “Act”), and under and pursuant to the resolution of the Corporation adopted November 25, 1975, as amended and supplemented, entitled “Second General Bond Resolution” and herein so referred to, and the series resolution authorizing each such series.

The Bonds are general obligations of the Corporation payable out of any payments to the Corporation pursuant to Sections 3036 and 3036-a of the Act except for amounts pledged pursuant to the General Bond Resolution of the Corporation adopted July 2, 1975, as amended and supplemented (the “First General Bond Resolution”), and the rights of the holders of the Bonds to such amounts are declared to be expressly subordinate to the rights of the holders of obligations issued pursuant to the First General Bond Resolution and any payments to the Corporation for credit to the Operating Fund as defined in and established pursuant to the First General Bond Resolution. The Bonds are entitled to a first lien created by the pledge under the Second
General Bond Resolution of all revenues, moneys and securities in the Bond Service Fund and the Capital Reserve Fund (as defined therein). The Second General Bond Resolution provides for the application of the amounts in the Capital Reserve Fund and in the Bond Service Fund to the payment, when due, of the principal or redemption price, if any, of and interest on the Bonds. Pursuant to the Second General Bond Resolution, such revenues, moneys and securities include each of the following: (i) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Aid Fund established by the State Finance Law (Chapter 56 of said Consolidated Laws), which are required to be made only if and to the extent that moneys appropriated by the Legislature of the State of New York as per capita aid pursuant to Section 54 of the State Finance Law payable to The City of New York shall have been apportioned and paid into and be available in the Special Aid Account established within such Municipal Assistance Aid Fund for the Corporation; (ii) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Tax Fund established by the State Finance Law, which are required to be made only if and to the extent that moneys from the sales and compensating use taxes as imposed by Section 1107 of Article 28 of the Tax Law (Chapter 60 of said Consolidated Laws) and, if required, the stock transfer tax imposed by Article 12 of said Tax Law, have been appropriated by the Legislature of the State of New York from the Special Tax Account established within such Municipal Assistance Tax Fund for the Corporation or that revenues shall have otherwise been made available therefor by the State of New York; (iii) all amounts received by the Corporation from the State of New York as payments for deposit into the Capital Reserve Fund (pursuant to the Act by certification annually on or before December 1, of the Chairman to the Governor and the Director of the Budget of the State of New York, of the amount necessary to restore the Capital Reserve Fund to its required amount); and (iv) investment earnings of moneys in the Capital Reserve Fund and Bond Service Fund; provided, however, that pursuant to the Act, any provision therein or in the Resolutions or in any other agreement between the Corporation and the holders of Bonds, relating to said per capita aid, taxes and such Municipal Assistance Aid Fund, the Special Aid Account, the Municipal Assistance Tax Fund, the Special Tax Account and the Stock Transfer Tax Fund established by the State Finance Law, shall be deemed executory only to the extent of the moneys available to the State of New York in such Funds from time to time and the State of New York shall incur no liability on account thereof beyond such moneys.
The Bonds may be issued from time to time in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Second General Bond Resolution. The aggregate principal amount of Bonds which may be issued pursuant to the Second General Bond Resolution is not limited except as provided therein and in certain other resolutions and agreements of the Corporation, or as may be limited by law, and all Bonds issued and to be issued pursuant to the Second General Bond Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Second General Bond Resolution.

This Bond is one of a series of Bonds designated “Series 27 Bonds” (herein called the “Series 27 Bonds”), issued in the aggregate principal amount of $100,000,000 pursuant to the Second General Bond Resolution and the series resolution of the Corporation, adopted January 21, 1981, entitled “Series 27 Resolution Authorizing $100,000,000 Series 27 Bonds” (said resolutions being herein collectively called the “Resolutions”), for purposes authorized by the Act. Copies of the Resolutions are on file at the office of the Corporation and at the corporate trust office of United States Trust Company of New York, in the Borough of Manhattan, City and State of New York, as trustee under the Second General Bond Resolution (said trustee and any successor thereto being herein referred to as the “Trustee”), and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Series 27 Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Series 27 Bonds with respect thereto and the terms and conditions upon which the Series 27 Bonds are issued and may be issued thereunder.

Pursuant to the provisions of Section 10-a of the New York State Financial Emergency Act for The City of New York, as amended (constituting Chapter 1 of Title 16 of McKinney’s Unconsolidated Laws of the State of New York) (herein called the “Control Act”), the State has authorized and requires the Corporation to include in any agreement made by the Corporation with holders of its bonds issued after September 28, 1978, including the Series 27 Bonds, and the Corporation hereby includes in this Series 27 Bond, a pledge and agreement of the State that it will not take any action which will (a) substantially impair the authority of the board (as defined in the Control Act) during a control period, as defined in subdivision twelve of Section two of the Control Act as in effect on the date
the Series 27 Bonds are issued (i) to approve, disapprove, or modify any financial plan or financial plan modification, including the revenue projections (or any item thereof) contained therein, subject to the standards set forth in paragraphs a, c, d, e and f of subdivision one of Section eight of the Control Act as in effect on the date the Series 27 Bonds are issued and paragraph b of such subdivision one as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization (as defined in the Control Act) if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove a proposed short-term or long-term borrowing of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section seven of the Control Act, or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the Control Act) of City revenues; (b) substantially impair the authority of the Board to review financial plans, financial plan modifications, contracts of the City or the covered organizations and proposed short-term or long-term borrowings of the City and the covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the composition of the board so that the majority of the voting members of the board are not officials of the State elected in a state-wide election or appointees of the Governor of the State; (e) terminate the existence of the board prior to the time to be determined in accordance with Section thirteen of the Control Act as in effect on the date the Series 27 Bonds are issued; (f) substantially modify the requirements that the City's financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the board; or (g) alter the definition of a control period set forth in such subdivision twelve of Section two of the Control Act, as in effect on the date the Series 27 Bonds are issued, or substantially alter the authority of the board, as set forth in said subdivision twelve to reimpose or terminate a control period; provided, however, that the foregoing pledge and agreement shall be of no further force and effect with respect to a holder of a Series 27 Bond if at any time (i) there is on deposit in a separate trust account with a bank, trust company or other fiduciary sufficient moneys or direct obligations of the United States or obligations guaranteed by the United States, the principal of and/or interest on which will provide moneys to pay punctually when due at maturity or prior to maturity by redemption, in accordance with their terms, all principal of and interest on all outstanding Series 27 Bonds and irrevocable instructions from the Corporation to such bank, trust com-
pany or other fiduciary for such payment of such principal and interest with such moneys shall have been given, or (ii) such Series 27 Bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged. The foregoing pledge and agreement with the holder of this Series 27 Bond is in full force and effect.

To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Corporation with the written consent of the holders of at least two-thirds in principal amount of the Bonds then Outstanding (as defined in the Second General Bond Resolution), or, in case less than all of the Series of Bonds would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each Series so affected then Outstanding, or, in case of a Sinking Fund Installment (as defined in the Second General Bond Resolution) change, with such consent of the holders of at least two-thirds in principal amount of the Outstanding Bonds affected thereby; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds.

This Series 27 Bond is transferable as provided in the Resolutions, only upon the books of the Corporation, kept for that purpose at the corporate trust office of the Trustee, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such duly authorized attorney, and thereupon the Corporation shall issue in the name of the transferee, a new registered Series 27 Bond or Bonds and/or, at the option of the transferee, a coupon Series 27 Bond or Bonds with appropriate coupons attached, of the same aggregate principal amount and interest rate as the surrendered Series 27 Bond, as provided in the Resolutions and upon the payment of the charges, if any, therein prescribed. The Corporation and the Trustee may treat and consider the person in whose name this Series 27 Bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price (as defined in the Resolutions) hereof and interest due hereon and for all other purposes whatsoever.

The Series 27 Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $5,000 and in the form of registered Bonds
without coupons in the denomination of $5,000 or an integral multiple thereof, not exceeding the aggregate principal amount of the Series 27 Bonds. Coupon Series 27 Bonds, upon surrender thereof at the corporate trust office of the Trustee, with all unmatured coupons attached, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of registered Series 27 Bonds of any of the authorized denominations and bearing the same rate of interest, in the manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Resolutions. In like manner, subject to such conditions and upon payment of such charges, if any, registered Series 27 Bonds, upon surrender thereof at the corporate trust office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Series 27 Bonds with appropriate coupons attached and/or Series 27 Bonds without coupons of any other authorized denominations, bearing the same rate of interest.

The Series 27 Bonds are not subject to redemption prior to July 1, 1991.

The Series 27 Bonds are subject to redemption at the election of the Corporation at any time on and after July 1, 1991, as a whole on any date or in part, by lot, on any interest payment date, as provided in the Resolutions, at the following Redemption Prices (expressed as a percentage of the principal amount), plus accrued interest, if any, to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1991 to December 31, 1992</td>
<td>102 %</td>
</tr>
<tr>
<td>January 1, 1993 to June 30, 1994</td>
<td>101½</td>
</tr>
<tr>
<td>July 1, 1994 to December 31, 1995</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1996 to June 30, 1997</td>
<td>100½</td>
</tr>
<tr>
<td>July 1, 1997 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

The Series 27 Bonds are also subject to redemption, in part, by lot, on July 1 in each year on and after July 1, 1996, as provided in the Resolutions, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 in each of the years shown below the principal amount of such Series 27 Bonds specified therefor:
<table>
<thead>
<tr>
<th>Year</th>
<th>Sinking Fund Installment</th>
<th>Year</th>
<th>Sinking Fund Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>$5,830,000</td>
<td>2002</td>
<td>$7,965,000</td>
</tr>
<tr>
<td>1997</td>
<td>5,920,000</td>
<td>2003</td>
<td>8,235,000</td>
</tr>
<tr>
<td>1998</td>
<td>6,015,000</td>
<td>2004</td>
<td>8,525,000</td>
</tr>
<tr>
<td>1999</td>
<td>6,105,000</td>
<td>2005</td>
<td>8,835,000</td>
</tr>
<tr>
<td>2000</td>
<td>6,200,000</td>
<td>2006</td>
<td>9,175,000</td>
</tr>
<tr>
<td>2001</td>
<td>7,710,000</td>
<td>2007</td>
<td>9,535,000</td>
</tr>
</tbody>
</table>

The Corporation may, at any time not prior to 12 months prior to an interest payment date on which a Sinking Fund Installment is scheduled to be due, but in no event less than 45 days prior to such date, direct the Trustee to purchase, at a price not in excess of par, plus unpaid interest, if any, accrued to the date of such purchase, Series 27 Bonds payable from such Sinking Fund Installment and apply any Series 27 Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the Series 27 Bonds are to be redeemed, notice of such redemption (a) shall be given by publication once a week for at least 2 successive weeks in a newspaper customarily published at least once a day for at least 5 days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York, as provided in the Resolutions, the first such publication to be not less than 30 days nor more than 60 days prior to the redemption date, and (b) shall be mailed, postage prepaid, not less than 30 days before the redemption date to the registered owners of any Series 27 Bonds or portions of the Series 27 Bonds to be redeemed, provided, however, that such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of the Series 27 Bonds. Notice of redemption having been given, as aforesaid, the Series 27 Bonds or portions thereof so called for redemption shall become due and payable at the applicable Redemption Price hereinafore provided, and, from and after the date so fixed for redemption, interest on the Series 27 Bonds, or portions thereof so called for redemption, shall cease to accrue and become payable, and the coupons for interest appertaining to coupon Series 27 Bonds maturing subsequent to the redemption date shall be void.
The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations (additional abbreviations may also be used though not in the following list):

**TEN COM**—as tenants in common
**TEN ENT**—as tenants by the entirety
**JT TEN**—as joint tenants with right of survivorship and not as tenants in common

**UNIF GIFT MIN ACT**—
(Custodian) (Minor)
(Under Uniform Gifts to Minors Act) (State)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

Please Insert Social Security or Other Identifying Number of Assignee
(For computer record only)

Please Print or Typewrite Name and Address of Transferee

the within Series 27 Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney

to transfer the within Series 27 Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

__________________________

**NOTICE:** The signature to this assignment must correspond with the name as it appears upon the face of the within Series 27 Bond in every particular, without alteration or enlargement or any change whatever.
SECTION 302. No Recourse on Series 27 Bonds. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Series 27 Bonds or for any claim based thereon or on the Series 27 Resolution against any member or officer of the Corporation or any person executing the Series 27 Bonds and neither the Directors of the Corporation nor any other person executing the Series 27 Bonds of the Corporation shall be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 303. Execution and Authentication of Series 27 Bonds. Pursuant to the provisions of Section 303 of the Resolution, the Chairman of the Corporation is hereby authorized and directed to execute by his manual or facsimile signature the Series 27 Bonds in the name of the Corporation and the corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon. The Secretary or an Assistant Secretary of the Corporation is hereby authorized and directed to attest by his manual or facsimile signature the execution of the Series 27 Bonds.

The Trustee is hereby authorized to authenticate by manual or facsimile signature the Series 27 Bonds, and deliver the same to or upon the order of the Corporation, in such amounts and at such times as the Trustee shall be directed in writing by an Authorized Officer.

ARTICLE IV

MISCELLANEOUS

SECTION 401. Special Covenants. (1) As used in this subsection (1) all defined terms other than Series 27 Bonds are as defined in the First General Bond Resolution. The Corporation covenants hereby with the holders of the Series 27 Bonds that it shall not issue any Bonds, Notes or Other Obligations which would cause the aggregate amount of the principal on Serial Bonds, the Sinking Fund Installments, maturities of Term Bonds not required to be paid from Sinking Fund Installments and interest on all Outstanding Bonds, and the principal of and interest on Notes and the interest on Other Obligations to be paid in any one Fiscal Year to exceed four hundred twenty-five million dollars. Notwithstanding the foregoing sentence, with respect to up to an aggregate principal amount of twenty-five million dollars of small denomination Notes, as defined in the First General Bond Resolution, for purposes of the foregoing test, debt service shall be determined by
assuming that a pro rata amount of such Notes will be redeemed in each Fiscal Year during the period from the date of issuance to the stated date of maturity and interest will accrue on such Notes from the date of issuance and be paid at such assumed dates of redemption; provided, however, that such debt service shall be so determined in such manner only if the resolution or other instrument authorizing the issuance of such small denomination Notes requires the Corporation to deposit annually in a sinking fund established for the payment of such small denomination Notes an amount at least equal to such pro rata amount and interest thereon.

(2) The Corporation covenants further hereby with the holders of the Series 27 Bonds that it shall not issue any additional Bonds unless, in addition to the certificates required pursuant to subsection 3 of Section 202 of the Resolution, it delivers to the Trustee at the time of the delivery of such additional Bonds a certificate of an Authorized Officer setting forth that the aggregate of the amounts set forth in paragraphs (1) and (2) of such subsection after deducting the amount set forth pursuant to paragraph (3)(a) of such subsection 3 and the Operating Expenses set forth pursuant to paragraph (3)(c) of such subsection, will be at least 2.0 times the aggregate amount set forth in (3)(b) of such subsection for each Fiscal Year.

(3) The Corporation shall publish (a) within forty-five (45) days after the end of each calendar quarter on an unaudited basis and (b) within ninety (90) days after end of each Fiscal Year, on the basis of an audit conducted by independent certified public accountants of recognized national standing, a statement of financial position of the Corporation at the end of the period, and the related Debt Service Fund and Capital Reserve Fund statement of transactions and the Operating Fund statement of transactions for the period then ended, together with notes and exhibits thereto, similar in form to the notes and exhibits (which in any case shall include exhibits showing (i) all Bonds and Notes of the Corporation then Outstanding, (ii) a summary of annual debt service funding requirements, and (iii) a summary of total annual debt service payment requirements) published by the Corporation for the Fiscal Year ended June 30, 1978, and both such audited and unaudited financial statements to be prepared in accordance with generally accepted accounting principles consistently applied.

**Section 402. State Covenant.** In accordance with the provisions of Section 10-a of the New York State Financial Emergency Act for The City of New York, as amended to the date hereof, being Chapter 1 of Title 16 of McKinney's Unconsolidated Laws of the State of New York (hereinafter
called the "Control Act"), the Corporation hereby includes in this Series 27
Resolution the pledge and agreement of the State with the holders of the Series
27 Bonds that the State will not take any action which will (a) substantially
impair the authority of the board (as defined in the Control Act) during a
control period, as defined in subdivision twelve of Section two of the Control
Act as in effect on the date the Series 27 Bonds are issued (i) to approve,
disapprove, or modify any financial plan or financial plan modification,
including the revenue projections (or any item thereof) contained therein,
subject to the standards set forth in paragraphs a, c, d, e and f of subdivision one
of Section eight of the Control Act as in effect on the date the Series 27 Bonds
are issued and paragraph b of such subdivision one as in effect from time to
time, (ii) to disapprove a contract of the City or a covered organization (as
defined in the Control Act) if the performance of such contract would be in-
consistent with the financial plan or to approve or disapprove a proposed
short-term or long-term borrowing of the City or a covered organization or
any agreement or other arrangement referred to in subdivision four of Section
seven of the Control Act or (iii) to establish and adopt procedures with
respect to the deposit in and disbursement from the board fund (as defined in
the Control Act) of City revenues; (b) substantially impair the authority of
the board to review financial plans, financial plan modifications, contracts
of the City or the covered organizations and proposed short-term or long-term
borrowings of the City and the covered organizations; (c) substantially impair
the independent maintenance of a separate fund for the payment of debt
service on bonds and notes of the City; (d) alter the composition of the board
so that the majority of the voting members of the board are not officials of
the State elected in a state-wide election or appointees of the Governor of
the State; (e) terminate the existence of the board prior to the time to be
determined in accordance with Section thirteen of the Control Act as in effect
on the date the Series 27 Bonds are issued; (f) substantially modify the
requirements that the City's financial statements be audited by a nationally
recognized independent certified public accounting firm or consortium of firms
and that a report on such audit be furnished to the board; or (g) alter the
definition of a control period set forth in such subdivision twelve of Section
two of the Control Act, as in effect on the date the Series 27 Bonds are issued,
or substantially alter the authority of the board, as set forth in said subdivision
twelve to reimpose or terminate a control period; provided, however, that the
foregoing pledge and agreement shall be of no further force and effect if at
any time (i) there is on deposit in a separate trust account with a bank, trust
company or other fiduciary sufficient moneys or direct obligations of the United
States or obligations guaranteed by the United States, the principal of and/or
interest on which will provide moneys to pay punctually when due at maturity or prior to maturity by redemption, in accordance with their terms, all principal of and interest on all outstanding Series 27 Bonds and irrevocable instructions from the Corporation to such bank, trust company or other fiduciary for such payment of such principal and interest with such moneys shall have been given, or (ii) such Series 27 Bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged. The foregoing pledge and agreement with the holders of these Series 27 Bonds is in full force and effect.

SECTION 403. Authorized Officers. The Chairman, Vice Chairman, Chairman of the Finance Committee, Executive Director, Deputy Executive Director, Treasurer, Counsel, Secretary and Assistant Secretary of the Corporation are each hereby authorized to deliver and execute in the name and on behalf of the Corporation any certificate, opinion, record or other document required by or authorized pursuant to the Resolution, this Series 27 Resolution, or the Bond Purchase Agreement in connection with the issuance of the Series 27 Bonds.

SECTION 404. When Effective. The Series 27 Resolution shall become effective immediately upon the filing with the Trustee of a copy hereof certified by an Authorized Officer.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Series 28 Resolution

Authorizing Not To Exceed
$100,000,000
SERIES 28 BONDS

Adopted January 21, 1981
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 28 RESOLUTION AUTHORIZING
NOT TO EXCEED
$100,000,000
SERIES 28 BONDS

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<th>Section</th>
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<td>5</td>
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**ARTICLE III**

**Forms and Execution of Series 28 Bonds and Coupons**

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<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>301</td>
<td>Forms of Bonds and Coupons of Series 28 Bonds</td>
<td>6</td>
</tr>
<tr>
<td>302</td>
<td>No Recourse on Series 28 Bonds</td>
<td>27</td>
</tr>
<tr>
<td>303</td>
<td>Execution and Authentication of Series 28 Bonds</td>
<td>27</td>
</tr>
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</table>

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**Miscellaneous**

<table>
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<tr>
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<th>Title</th>
<th>Page</th>
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<tr>
<td>401</td>
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</tr>
<tr>
<td>402</td>
<td>State Covenant</td>
<td>28</td>
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<tr>
<td>403</td>
<td>Authorized Officers</td>
<td>30</td>
</tr>
<tr>
<td>404</td>
<td>When Effective</td>
<td>30</td>
</tr>
</tbody>
</table>
SERIES 28 RESOLUTION AUTHORIZING NOT TO EXCEED
$100,000,000
SERIES 28 BONDS

BE IT RESOLVED by the Board of Directors of the Municipal Assistance Corporation For The City of New York, as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

SECTION 101. Series 28 Resolution. This Series 28 Resolution Authorizing Not To Exceed $100,000,000 Series 28 Bonds is supplemental to, and constitutes a Series Resolution within the meaning of and is adopted in accordance with Article X of, the resolution adopted by the Corporation on November 25, 1975, as amended and supplemented, entitled “Second General Bond Resolution” and referred to herein as the “Resolution”.

SECTION 102. Definitions. (a) All terms which are defined in Section 101 of the Resolution shall have the same meanings, respectively, in this Series 28 Resolution Authorizing Not To Exceed $100,000,000 Series 28 Bonds as such terms are given in said Section 101 of the Resolution.

(b) In addition, as used in this Series 28 Resolution Authorizing Not To Exceed $100,000,000 Series 28 Bonds, unless the context shall otherwise require, the following terms shall have the following respective meanings:

“Series 28 Resolution” shall mean this Series 28 Resolution Authorizing Not To Exceed $100,000,000 Series 28 Bonds.

“Series 28 Bonds” shall mean the Bonds authorized by Article II of this Series 28 Resolution.

“Warrant” shall mean any of the warrants dated as of February 1, 1981, issued pursuant to the Corporation’s Warrant Resolution Authorizing Warrants for the Purchase of $100,000,000 Series 28 Bonds, adopted January 21, 1981.

“Warrant Agreement” shall mean the Warrant Agreement dated as of February 1, 1981 by and between the Corporation and United States Trust Company of New York, as warrant agent, governing, among other
things, the delivery of the Series 28 Bonds upon surrender of the Warrants and payment of the purchase price of the Series 28 Bonds.

"Warrant Resolution" shall mean the Corporation's Warrant Resolution Authorizing Warrants for the Purchase of $100,000,000 Series 28 Bonds, adopted January 21, 1981.

(c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons, but shall not include the Corporation.

(d) The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, as used in this Series 28 Resolution, refer to the Series 28 Resolution.

SECTION 103. Authority for the Series 28 Resolution. This Series 28 Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II
Authorization, Terms and Issuance of Series 28 Bonds

SECTION 201. Authorization of Series 28 Bonds, Principal Amount, Designation and Series. The Series 28 Bonds are hereby authorized to be issued in the aggregate principal amount of not to exceed $100,000,000 pursuant to and subject to the terms, conditions and limitations established in the Resolution and this Series 28 Resolution and shall be deemed to be Term Bonds within the meaning of the Resolution. In addition to the title "Bonds", such Series of Bonds shall bear the additional designation of "Series 28" and each as so designated shall be entitled "Series 28 Bonds" and may be issued in coupon form payable to bearer and registrable as to principal only or in fully registered form.

SECTION 202. Purposes. The purposes for which the Series 28 Bonds are being issued are to pay a portion of the proceeds to the City upon certification by the Mayor of the City to the Corporation that the amount is required by the City to pay for items permitted by law to be included in the City's capital budget during the fiscal year in which the amount is to be paid to the
City and to make deposits into the Capital Reserve Fund, it being hereby
determined that such deposits, in addition to the amounts currently on de-
posit in such fund, constitute a reasonably required reserve fund.

SECTION 203. Date of Series 28 Bonds. The Series 28 Bonds shall
be dated February 1, 1981, except as otherwise provided in Section 301 of the
Resolution with respect to certain registered Series 28 Bonds issued on or
after the first interest payment date. Registered Series 28 Bonds issued prior
to the first interest payment date thereof shall be dated February 1, 1981.

SECTION 204. Maturity and Interest Rate. The Series 28 Bonds shall
bear interest at the rate of 10% per annum and shall mature on July 1, 2007.

SECTION 205. Interest Payments. Each Series 28 Bond shall bear
interest from the later of (i) February 1, 1981 and (ii) the date six months
preceding the interest payment date next following the date of the delivery of
such Series 28 Bond to the purchaser thereof, payable on each January 1 and
on each July 1 following the date when such Series 28 Bond is so delivered,
in each year, to the date of maturity or earlier redemption, and thereafter shall
bear interest at the same rate until the Corporation’s obligation with respect
to the payment of the principal sum of the Series 28 Bonds is discharged.

SECTION 206. Denominations, Numbers and Letters. The Series 28
Bonds shall be issued in the denomination of $5,000 in the case of Series 28
Bonds in coupon form payable to bearer and in the denomination of $5,000
or an integral multiple of $5,000 in fully registered form without coupons.
The Series 28 Bonds in coupon form shall be designated 28-07-
and the
Series 28 Bonds in fully registered form without coupons shall be designated
28R-07-
. Each such number and each such number and letter designated
above shall be followed by the number of the Series 28 Bond. Series 28 Bonds
in coupon form and Series 28 Bonds in fully registered form shall be numbered
consecutively from 1 upwards in order of issuance. Any Series 28 Bond in
coupon form payable to bearer surrendered to the Trustee in any exchange
or transfer pursuant to Section 308 of the Resolution shall be cancelled
forthwith by the Trustee upon its books, provided, however, that the Trustee
is authorized to retain any Series 28 Bond in such coupon form so surrendered
and to re-issue, if necessary, any such Bond so retained with unmatured
coupons representing interest to become due attached thereto in exchange for
a registered Series 28 Bond or Bonds in accordance with the provisions of
Section 304 of the Resolution (any such Series 28 Bond or coupon so retained
by the Trustee shall not be deemed Outstanding while so retained).
SECTION 207. **CUSIP Number.** The Corporation is hereby authorized, in its discretion, to provide for the assignment of a CUSIP number for the Series 28 Bonds and to have such CUSIP number printed thereon, and the Corporation may direct the Trustee to use such CUSIP number in notices of redemption and on checks payable to registered Bondholders as a convenience to Bondholders, provided that any such notice shall state that no representation is made as to the correctness of such number either as printed on the Series 28 Bonds or as contained in any notice of redemption.

SECTION 208. **Places of Payment and Paying Agents.** The principal and Redemption Price of, and interest on, the Series 28 Bonds in coupon form payable to bearer shall be payable at the following, hereby appointed Paying Agents hereunder: the corporate trust office of The Chase Manhattan Bank (National Association), in the Borough of Manhattan, City and State of New York, or, at the option of the holder, at Bank of America National Trust and Savings Association, in the City and County of San Francisco, State of California. The interest on all registered Series 28 Bonds, and the principal and Redemption Price of all registered Series 28 Bonds and of all Series 28 Bonds issued in coupon form payable to bearer and registered as to principal shall be payable at the corporate trust office of the Trustee.

SECTION 209. **Optional Redemption of Series 28 Bonds and Terms.** The Series 28 Bonds shall be subject to redemption at the election of the Corporation, at any time on and after July 1, 1991, as a whole on any date, or in part, by lot, on any interest payment date or dates, at the Redemption Prices (expressed as a percentage of the principal amount) plus accrued interest, if any, to the date of redemption, as set forth below:

<table>
<thead>
<tr>
<th>Redemption Period (Dates Inclusive)</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1991 to December 31, 1992</td>
<td>102 %</td>
</tr>
<tr>
<td>January 1, 1993 to June 30, 1994</td>
<td>101½</td>
</tr>
<tr>
<td>July 1, 1994 to December 31, 1995</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1996 to June 30, 1997</td>
<td>100½</td>
</tr>
<tr>
<td>July 1, 1997 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

SECTION 210. **Sinking Fund Installments.** The Series 28 Bonds shall be subject to redemption, in part, by operation of the Bond Service Fund through application of Sinking Fund Installments beginning on July 1, 1984, as herein provided, upon published notice, all as prescribed in Article IV of
the Resolution, at the Redemption Price of one hundred per centum (100%) of the principal amount of each Series 28 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption. Unless none of the Series 28 Bonds shall then be Outstanding and, subject to the provisions of Section 605 of the Resolution permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and the Corporation shall be required to pay for the retirement of the Series 28 Bonds, on July 1 of each of the years set forth in the following table, the amount determined by applying the percentage set forth opposite such year to the principal amount of such Series 28 Bonds Outstanding at the close of business on January 31, 1983, and the said amount so determined to be paid on each such date is hereby established as and shall constitute a Sinking Fund Installment for retirement of the Series 28 Bonds, except that in each such year, in order, the amount so determined shall be rounded to the nearest $5,000, and provided that the aggregate amounts so determined should not exceed the principal amount of such Series 28 Bonds Outstanding at the close of business on January 31, 1983.

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>2.835%</td>
<td>1996</td>
<td>3.570%</td>
</tr>
<tr>
<td>1985</td>
<td>2.895</td>
<td>1997</td>
<td>3.635</td>
</tr>
<tr>
<td>1986</td>
<td>2.955</td>
<td>1998</td>
<td>3.695</td>
</tr>
<tr>
<td>1988</td>
<td>3.080</td>
<td>2000</td>
<td>5.075</td>
</tr>
<tr>
<td>1989</td>
<td>3.140</td>
<td>2001</td>
<td>5.275</td>
</tr>
<tr>
<td>1990</td>
<td>3.205</td>
<td>2002</td>
<td>5.490</td>
</tr>
<tr>
<td>1991</td>
<td>3.265</td>
<td>2003</td>
<td>5.730</td>
</tr>
<tr>
<td>1992</td>
<td>3.325</td>
<td>2004</td>
<td>5.985</td>
</tr>
<tr>
<td>1994</td>
<td>3.450</td>
<td>2006</td>
<td>6.565</td>
</tr>
<tr>
<td>1995</td>
<td>3.510</td>
<td>2007</td>
<td>6.895*</td>
</tr>
</tbody>
</table>

* Payment at maturity.

**Section 211. Selection by Lot.** If less than all of the Series 28 Bonds are to be redeemed, the particular Bonds to be redeemed shall be selected by lot in accordance with Section 404 of the Resolution.

**Section 212. Sale of the Series 28 Bonds.** The Series 28 Bonds authorized to be issued herein shall be sold and delivered to the holders of the
Warrants in accordance with the provisions contained therein, in the Warrant Resolution and in the Warrant Agreement.

Any Authorized Officer is hereby authorized to permit the distribution from time to time of a final Official Statement in substantially the form presented at this meeting with such changes, omissions, insertions and revisions and with such supplemental material appended thereto as such officer shall deem advisable and to deliver or cause to be delivered such final Official Statement in the name and on behalf of the Corporation to the purchasers of the Series 28 Bonds.

SECTION 213. Series 28 Bond Proceeds Account. There is hereby established the Series 28 Bond Proceeds Account to be held by the Trustee. The proceeds of sale of the Series 28 Bonds, exclusive of accrued interest, shall on the dates of delivery of the Series 28 Bonds, be deposited in the Series 28 Bond Proceeds Account. Such proceeds shall be disbursed from the Series 28 Bond Proceeds Account for the purposes set forth in Section 202 hereof upon the written instructions of an Authorized Officer of the Corporation delivered to the Trustee.

ARTICLE III
FORMS AND EXECUTION OF SERIES 28 BONDS AND COUPONS

SECTION 301. Forms of Bonds and Coupons of Series 28 Bonds. Subject to the provisions of the Resolution, the Series 28 Bonds in coupon form and coupons to be attached thereto and the Series 28 Bonds in registered form, together with the form of assignment therefor, and the Trustee's Certificate of Authentication, shall be in substantially the following forms and tenors:

(Form of Coupon Series 28 Bond)

No. 28-07-... $5,000

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

Series 28 Bond

THE MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK (hereinafter sometimes called the “Corporation”), a corporate governmental agency and instrumentality of the State of New York (herein sometimes called the “State”) constituting a public benefit corporation, organized and existing under and pursuant to the laws of the State of New York, acknowl-
edges itself indebted to, and for value received, hereby promises to pay to the bearer or, if this Bond be registered as herein provided, to the registered owner hereof, upon presentation and surrender of this Bond, the principal sum of FIVE THOUSAND DOLLARS ($5,000) on the first day of July, 2007, unless redeemed prior thereto as hereinafter provided, and to pay interest thereon at the rate of per centum ( % ) per annum, payable on July 1, 1981 and semi-annually thereafter on January 1 and on July 1, in each year, from the date hereof or from the date of payment of interest hereon immediately preceding the delivery hereof, whichever is later, to the date of maturity or earlier redemption of this Bond and thereafter at the same rate, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, but with respect to interest due on or before the maturity of this Bond only according to the tenor and upon presentation and surrender of the attached coupons as they respectively become due and payable. Both principal and redemption premium, if any, of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts, at the corporate trust office of The Chase Manhattan Bank (National Association), in the Borough of Manhattan, City and State of New York, or, at the option of the holder, at the corporate trust office of Bank of America National Trust and Savings Association, in the City and County of San Francisco, State of California. The principal of this Bond, if registered, is payable only at the corporate trust office of United States Trust Company of New York, in the Borough of Manhattan, City and State of New York, as trustee under the resolution of the Corporation adopted November 25, 1975, as amended and supplemented, entitled "Second General Bond Resolution" (herein called the "Second General Bond Resolution"), or its successor as trustee (herein called the "Trustee"), in like coin or currency.

This Bond is one of a duly authorized issue of bonds of the Corporation designated as its "Bonds" (herein called the "Bonds") issued and to be issued in various series under and pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law (Chapter 43-A of the Consolidated Laws of the State of New York), as amended (herein called the "Act"), and under and pursuant to the Second General Bond Resolution and the series resolution authorizing each such series.
The Bonds are general obligations of the Corporation payable out of any payments to the Corporation pursuant to Sections 3036 and 3036-a of the Act except for amounts pledged pursuant to the General Bond Resolution of the Corporation adopted July 2, 1975, as amended and supplemented (the "First General Bond Resolution"), and the rights of the holders of the Bonds to such amounts are declared to be expressly subordinate to the rights of the holders of obligations issued pursuant to the First General Bond Resolution and any payments to the Corporation for credit to the Operating Fund as defined in and established pursuant to the First General Bond Resolution. The Bonds are entitled to a first lien created by the pledge under the Second General Bond Resolution of all revenues, moneys and securities in the Bond Service Fund and the Capital Reserve Fund (as defined therein). The Second General Bond Resolution provides for the application of the amounts in the Capital Reserve Fund and in the Bond Service Fund to the payment, when due, of the principal or redemption price, if any, of and interest on the Bonds. Pursuant to the Second General Bond Resolution, such revenues, moneys and securities include each of the following: (i) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Aid Fund established by the State Finance Law (Chapter 56 of said Consolidated Laws), which are required to be made only if and to the extent that moneys appropriated by the Legislature of the State of New York as per capita aid pursuant to Section 54 of the State Finance Law payable to The City of New York (herein sometimes called the "City") shall have been apportioned and paid into and be available in the Special Aid Account established within such Municipal Assistance Aid Fund for the Corporation; (ii) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Tax Fund established by the State Finance Law, which are required to be made only if and to the extent that moneys from the sales and compensating use taxes as imposed by Section 1107 of Article 28 of the Tax Law (Chapter 60 of said Consolidated Laws) and, if required, the stock transfer tax imposed by Article 12 of said Tax Law, have been appropriated by the Legislature of the State of New York from the Special Tax Account established within such Municipal Assistance Tax Fund for the Corporation or that revenues shall have otherwise been made available therefor by the State of New York; (iii) all amounts received by the Corporation from the State of New York as payments for deposit into the Capital Reserve Fund (pursuant to the Act by certification annually on or before December 1, of the Chairman to the Governor and the Director of the Budget of the State of New York, of the
amount necessary to restore the Capital Reserve Fund to its required amount); and (iv) investment earnings of moneys in the Capital Reserve Fund and Bond Service Fund; provided, however, that pursuant to the Act, any provision therein or in the Resolutions or in any other agreement between the Corporation and the holders of Bonds, relating to said per capita aid, taxes and such Municipal Assistance Aid Fund, the Special Aid Account, the Municipal Assistance Tax Fund, the Special Tax Account and the Stock Transfer Tax Fund established by the State Finance Law, shall be deemed executory only to the extent of the moneys available to the State of New York in such Funds from time to time and the State of New York shall incur no liability on account thereof beyond such moneys.

As provided in the Second General Bond Resolution, the Bonds may be issued from time to time pursuant to series resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Second General Bond Resolution. The aggregate principal amount of Bonds which may be issued pursuant to the Second General Bond Resolution is not limited except as provided in the Second General Bond Resolution and in certain other resolutions and agreements of the Corporation, or as may be limited by law, and all Bonds issued and to be issued pursuant to the Second General Bond Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Second General Bond Resolution.

This Bond is one of a series of Bonds designated “Series 28 Bonds” (herein called the “Series 28 Bonds”), issued in the aggregate principal amount of not to exceed $100,000,000 pursuant to the Second General Bond Resolution and the series resolution of the Corporation, adopted January 21, 1981, entitled “Series 28 Resolution Authorizing Not To Exceed $100,000,000 Series 28 Bonds” (said resolutions being herein collectively called the “Resolutions”), for purposes authorized by the Act. Copies of the Resolutions are on file at the office of the Corporation and at the corporate trust office of the Trustee and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Series 28 Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Series 28 Bonds with respect thereto and the terms and conditions upon which the Series 28 Bonds are issued and may be issued thereunder.
Pursuant to the provisions of Section 10-a of the New York State Financial Emergency Act for the City of New York, as amended (constituting Chapter 1 of Title 16 of McKinney's Unconsolidated Laws of the State of New York) (herein called the “Control Act”), the State has authorized and requires the Corporation to include in any agreement made by the Corporation with holders of its bonds issued after September 28, 1978, including the Series 28 Bonds, and the Corporation hereby includes in this Series 28 Bond, a pledge and agreement of the State that it will not take any action which will (a) substantially impair the authority of the board (as defined in the Control Act) during a control period, as defined in subdivision twelve of Section two of the Control Act as in effect on the date the Series 28 Bonds are issued (i) to approve, disapprove, or modify any financial plan or financial plan modification, including the revenue projections (or any item thereof) contained therein, subject to the standards set forth in paragraphs a, c, d, e and f of subdivision one of Section eight of the Control Act as in effect on the date the Series 28 Bonds are issued and paragraph b of such subdivision one as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization (as defined in the Control Act) if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove a proposed short-term or long-term borrowing of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section seven of the Control Act, or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the Control Act) of City revenues; (b) substantially impair the authority of the board to review financial plans, financial plan modifications, contracts of the City or the covered organizations and proposed short-term or long-term borrowings of the City and the covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the composition of the board so that the majority of the voting members of the board are not officials of the State elected in a state-wide election or appointees of the Governor of the State; (e) terminate the existence of the board prior to the time to be determined in accordance with Section thirteen of the Control Act as in effect on the date the Series 28 Bonds are issued; (f) substantially modify the requirement that the City's financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the board; or (g) alter the definition of a control period set forth in such subdivision twelve of Section two of the Control Act, as in effect on the date the Series 28 Bonds are issued, or sub-
stantially alter the authority of the board, as set forth in said subdivision twelve to reimpose or terminate a control period; provided, however, that the foregoing pledge and agreement shall be of no further force and effect with respect to a holder of a Series 28 Bond if at any time (i) there is on deposit in a separate trust account with a bank, trust company or other fiduciary sufficient moneys or direct obligations of the United States or obligations guaranteed by the United States, the principal of and/or interest on which will provide moneys to pay punctually when due at maturity or prior to maturity by redemption, in accordance with their terms, all principal of and interest on all outstanding Series 28 Bonds and irrevocable instructions from the Corporation to such bank, trust company or other fiduciary for such payment of such principal and interest with such moneys shall have been given, or (ii) such Series 28 Bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged. The foregoing pledge and agreement with the holder of this Series 28 Bond is in full force and effect.

To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amending or supplemental thereto, may be modified or amended by the Corporation with the written consent of the holders of at least two-thirds in principal amount of the Bonds then Outstanding (as defined in the Second General Bond Resolution), or, in case less than all of the series of Bonds would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each series so affected then Outstanding, or, in case of a Sinking Fund Installment (as defined in the Second General Bond Resolution) change, with such consent of the holders of at least two-thirds in principal amount of the Outstanding Bonds affected thereby; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds.

This Series 28 Bond is transferable by delivery except when registered as to principal otherwise than to bearer. It may be registered as to principal in the name of the owner on the books of the Corporation kept for that purpose at the corporate trust office of the Trustee, such registration to be noted hereon, after which no transfer hereof shall be valid unless made on said books by the registered owner in person, or by his attorney duly authorized in writing, and similarly noted hereon; but this Series 28 Bond may be
discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery; and this Series 28 Bond may again and from time to time be registered or discharged from registration in the same manner. Registration of this Series 28 Bond shall not affect the negotiability of the coupons, which shall continue to be payable to bearer and transferable by delivery.

The Series 28 Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $5,000 and in the form of registered Bonds without coupons in the denomination of $5,000 or an integral multiple thereof, not exceeding the aggregate principal amount of the Series 28 Bonds. Coupon Series 28 Bonds, upon surrender thereof at the corporate trust office of the Trustee, with all unmatured coupons attached, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of registered Series 28 Bonds of any of the authorized denominations and bearing the same rate of interest, in the manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Resolutions. In like manner, subject to such conditions and upon payment of such charges, if any, registered Series 28 Bonds, upon surrender thereof at the corporate trust office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Series 28 Bonds with appropriate coupons attached, and/or Series 28 Bonds without coupons of any other authorized denominations, bearing the same rate of interest.

The Series 28 Bonds are not subject to redemption prior to July 1, 1984.

The Series 28 Bonds are subject to redemption at the election of the Corporation at any time on and after July 1, 1991, as a whole on any date or in part, by lot, on any interest payment date, as provided in the Resolutions, at the following Redemption Prices (as defined in the Resolutions) (expressed as a percentage of the principal amount), plus accrued interest, if any, to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1991 to December 31, 1992</td>
<td>102 %</td>
</tr>
<tr>
<td>January 1, 1993 to June 30, 1994</td>
<td>101½</td>
</tr>
<tr>
<td>July 1, 1994 to December 31, 1995</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1996 to June 30, 1997</td>
<td>100½</td>
</tr>
<tr>
<td>July 1, 1997 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>
The Series 28 Bonds are also subject to redemption, in part, by lot, as provided in the Resolutions, on July 1 in each year on and after July 1, 1984, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 in each of the years shown below the following percentages of the principal amount of such Series 28 Bonds Outstanding on January 31, 1983, provided, that in each such year the amount so redeemed shall be equal to the nearest integral multiple of $5,000 and, provided further, that the total amount so redeemed shall not exceed the principal amount of Series 28 Bonds Outstanding on January 31, 1983:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>2.835%</td>
</tr>
<tr>
<td>1985</td>
<td>2.895</td>
</tr>
<tr>
<td>1986</td>
<td>2.955</td>
</tr>
<tr>
<td>1987</td>
<td>3.020</td>
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</tr>
<tr>
<td>1993</td>
<td>3.390</td>
</tr>
<tr>
<td>1994</td>
<td>3.450</td>
</tr>
<tr>
<td>1995</td>
<td>3.510</td>
</tr>
</tbody>
</table>

Year | Percentage |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>3.570%</td>
</tr>
<tr>
<td>1997</td>
<td>3.635</td>
</tr>
<tr>
<td>1998</td>
<td>3.695</td>
</tr>
<tr>
<td>1999</td>
<td>3.755</td>
</tr>
<tr>
<td>2000</td>
<td>5.075</td>
</tr>
<tr>
<td>2001</td>
<td>5.275</td>
</tr>
<tr>
<td>2002</td>
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</tr>
<tr>
<td>2005</td>
<td>6.260</td>
</tr>
<tr>
<td>2006</td>
<td>6.565</td>
</tr>
</tbody>
</table>

The Corporation may, at any time not prior to 12 months prior to an interest payment date on which a Sinking Fund Installment is scheduled to be due, but in no event less than 45 days prior to such date, direct the Trustee to purchase, at a price not in excess of par, plus unpaid interest, if any, accrued to the date of such purchase, Series 28 Bonds payable from such Sinking Fund Installment and apply any Series 28 Bonds so purchased as a credit against such Sinking Fund Installment.

In the event that any or all of the Series 28 Bonds are to be redeemed, notice of such redemption (a) shall be given by publication once a week for at least two (2) successive weeks in a newspaper customarily published at least once a day for at least five (5) days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York, as provided in the Resolutions, the first such publication to be not less than thirty (30) days
nor more than sixty (60) days prior to the redemption date, and (b) shall be
dailed, postage prepaid, not less than thirty (30) days before the redepen-
date to the registered owners of any Series 28 Bonds or portions of the
Series 28 Bonds to be redeemed, provided, however, that such mailing shall
not be a condition precedent to such redemption and failure so to mail any
such notice shall not affect the validity of the proceedings for the redemption
of the Series 28 Bonds. Notice of redemption having been given, as aforesaid,
the Series 28 Bonds or portions thereof so called for redemption shall become
due and payable at the applicable Redemption Price hereinabove provided,
and, from and after the date so fixed for redemption, interest on the Series
28 Bonds, or portions thereof so called for redemption, shall cease to accrue
and become payable, and the coupons for interest appertaining to coupon
Series 28 Bonds maturing subsequent to the redemption date shall be void.

The Series 28 Bonds shall not be a debt of either the State of New York
or The City of New York, and neither the State of New York nor The City
of New York shall be liable thereon, nor shall the Series 28 Bonds be payable
out of any funds other than those of the Corporation.

This Series 28 Bond is fully negotiable for all purposes of the Uniform
Commercial Code (Chapter 38 of said Consolidated Laws), and each holder
or owner of this Series 28 Bond, or of any coupon appurtenant hereto, by
accepting this Series 28 Bond or coupon shall be conclusively deemed to
have agreed that this Series 28 Bond or coupon is fully negotiable for those
purposes.

Neither this Series 28 Bond nor any coupon for interest thereon shall
be entitled to any security, right or benefit under the Resolutions or be valid
or obligatory for any purpose unless the Certificate of Authentication hereon
has been duly executed by the Trustee.

Neither the Directors of the Corporation nor any other person executing
the Series 28 Bonds shall be subject to any personal liability or accountability
by reason of the issuance thereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, con-
ditions and things required by the Constitution and statutes of the State of
New York and the Resolutions to exist, to have happened and to have been
performed precedent to and in the issuance of this Series 28 Bond, exist, have
happened and have been performed in due time, form and manner as required
by law and that the issue of the Series 28 Bonds, together with all other indebtn-
edness of the Corporation, is within every debt and other limit prescribed
by law.
IN WITNESS WHEREOF, the MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK has caused this Series 28 Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary and the interest coupons hereto attached to be executed by the facsimile signature of said Chairman, all as of the first day of February, 1981.

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By ................................

Chairman

[SEAL]

Attest: ..............................

Secretary
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolutions and is one of the Series 28 Bonds of the Municipal Assistance Corporation For The City of New York.

United States Trust Company
of New York, Trustee

By ......................
Authorized Signature

No. (FORM OF COUPON) $ .............

The Municipal Assistance Corporation For The City of New York on the 1st day of , (unless the Bond hereinafter mentioned shall have been duly called for previous redemption and payment of the Redemption Price made or duly provided for) will pay to bearer the amount shown hereon in any coin or currency of the United States of America which, on the date of payment hereof, shall be legal tender for the payment of public and private debts, at the corporate trust office of The Chase Manhattan Bank (National Association), in the Borough of Manhattan, City and State of New York, or, at the option of the holder, at the corporate trust office of Bank of America National Trust and Savings Association, in the City and County of San Francisco, State of California, upon presentation and surrender of this coupon, being the interest then due on its Series 28 Bond, dated February 1, 1981, No. 28-07- .

By ......................
Chairman, Municipal Assistance
Corporation For The City of
New York

Provisions for Registration

(No writing below except by the Trustee as Registrar.)
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
SERIES 28 BOND

$ ...........

% Due July 1, 2007

The MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK (herein and on the reverse side hereof sometimes called the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (herein and on the reverse side hereof sometimes called the "State") constituting a public benefit corporation, organized and existing under and pursuant to the laws of the State of New York, acknowledges itself indebted to, and for value received, hereby promises to pay to ...........
or registered assigns, upon presentation and surrender of this Bond, the principal sum of ...........

DOLLARS on the first day of July, 2007, unless redeemed prior thereto as hereinafter provided, and to pay to the registered owner hereof interest thereon per annum at the rate specified above, payable on July 1, 1981 and semi-annually thereafter on January 1 and on July 1, in each year, from the Date shown below to the date of maturity or earlier redemption of this Bond and thereafter at the same rate, until the Corporation's obligation with respect to the payment of such principal sum shall be discharged, at the corporate trust office in the City of New York, New York, of the Trustee hereinafter mentioned. Both principal and redemption premium, if any, of and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

The Bonds of the Series of which this Bond is one (herein and on the reverse side hereof designated "Series 28 Bonds") shall not be a debt of
either the State of New York or The City of New York (herein and on the reverse side hereof sometimes called the "City", and neither the State of New York nor The City of New York shall be liable thereon, nor shall the Series 28 Bonds be payable out of any funds other than those of the Corporation.

This Series 28 Bond shall not be entitled to any security, right or benefit under the Resolutions (as defined on the reverse side hereof) or be valid or obligatory for any purpose unless the Certificate of Authentication hereon has been duly executed by the Trustee.

Neither the Directors of the Corporation nor any other person executing the Series 28 Bonds shall be subject to any personal liability or accountability by reason of the issuance thereof.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of New York and the Resolutions to exist, to have happened and to have been performed precedent to and in the issuance of this Series 28 Bond, exist, have happened and have been performed in due time, form and manner as required by law and that the issue of the Series 28 Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.

In witness whereof, the Municipal Assistance Corporation For The City of New York has caused this Series 28 Bond to be executed in its name by the manual or facsimile signature of its Chairman and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, all as of the Date shown below.

Municipal Assistance Corporation
For The City of New York

Date: ____________________________

By ____________________________
Chairman

[SEAL]

Attest: __________________________
Secretary
Assistant Secretary
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Series 28 Bonds described in the within-mentioned Resolutions.

UNITED STATES TRUST COMPANY
OF NEW YORK, Trustee

By ..................................
Authorized Signature

[Reverse of Form of Registered Series 28 Bonds]
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

SERIES 28 BOND

... % Due July 1, 2007

This Bond is one of a duly authorized issue of bonds of the Corporation designated as its “Bonds” and herein so referred to, issued and to be issued in various series under and pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law (Chapter 43-A of the Consolidated Laws of the State of New York), as amended (herein called the “Act”), and under and pursuant to the resolution of the Corporation adopted November 25, 1975, as amended and supplemented, entitled “Second General Bond Resolution” and herein so referred to, and the series resolution authorizing each such series.

The Bonds are general obligations of the Corporation payable out of any payments to the Corporation pursuant to Sections 3036 and 3036-a of the Act except for amounts pledged pursuant to the General Bond Resolution of the Corporation adopted July 2, 1975, as amended and supplemented (the “First General Bond Resolution”), and the rights of the holders of the Bonds to such amounts are declared to be expressly subordinate to the rights of the holders of obligations issued pursuant to the First General Bond Resolution and any payments to the Corporation for credit to the Operating Fund as defined in and established pursuant to the First General Bond Resolution.
The Bonds are entitled to a first lien created by the pledge under the Second General Bond Resolution of all revenues, moneys and securities in the Bond Service Fund and the Capital Reserve Fund (as defined therein). The Second General Bond Resolution provides for the application of the amounts in the Capital Reserve Fund and in the Bond Service Fund to the payment, when due, of the principal or redemption price, if any, of and interest on the Bonds. Pursuant to the Second General Bond Resolution, such revenues, moneys and securities include each of the following: (i) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Aid Fund established by the State Finance Law (Chapter 56 of said Consolidated Laws), which are required to be made only if and to the extent that moneys appropriated by the Legislature of the State of New York as per capita aid pursuant to Section 54 of the State Finance Law payable to The City of New York shall have been apportioned and paid into and be available in the Special Aid Account established within such Municipal Assistance Aid Fund for the Corporation; (ii) all amounts received by the Corporation for deposit into the Bond Service Fund and into the Capital Reserve Fund, as payments from the Municipal Assistance Tax Fund established by the State Finance Law, which are required to be made only if and to the extent that moneys from the sales and compensating use taxes as imposed by Section 1107 of Article 28 of the Tax Law (Chapter 60 of said Consolidated Laws) and, if required, the stock transfer tax imposed by Article 12 of said Tax Law, have been appropriated by the Legislature of the State of New York from the Special Tax Account established within such Municipal Assistance Tax Fund for the Corporation or that revenues shall have otherwise been made available therefor by the State of New York; (iii) all amounts received by the Corporation from the State of New York as payments for deposit into the Capital Reserve Fund (pursuant to the Act by certification annually on or before December 1, of the Chairman to the Governor and the Director of the Budget of the State of New York, of the amount necessary to restore the Capital Reserve Fund to its required amount); and (iv) investment earnings of moneys in the Capital Reserve Fund and Bond Service Fund; provided, however, that pursuant to the Act, any provision therein or in the Resolutions or in any other agreement between the Corporation and the holders of Bonds, relating to said per capita aid, taxes and such Municipal Assistance Aid Fund, the Special Aid Account, the Municipal Assistance Tax Fund, the Special Tax Account and the Stock Transfer Tax Fund established by the State Finance Law, shall be deemed executory only to the extent of the moneys available to
the State of New York in such Funds from time to time and the State of New York shall incur no liability on account thereof beyond such moneys.

The Bonds may be issued from time to time in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as provided in the Second General Bond Resolution. The aggregate principal amount of Bonds which may be issued pursuant to the Second General Bond Resolution is not limited except as provided therein and in certain other resolutions and agreements of the Corporation, or as may be limited by law, and all Bonds issued and to be issued pursuant to the Second General Bond Resolution are and will be equally secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Second General Bond Resolution.

This Bond is one of a series of Bonds designated “Series 28 Bonds” (herein called the “Series 28 Bonds”), issued in the aggregate principal amount of not to exceed $100,000,000 pursuant to the Second General Bond Resolution and the series resolution of the Corporation, adopted January 21, 1981, entitled “Series 28 Resolution Authorizing Not To Exceed $100,000,000 Series 28 Bonds” (said resolutions being herein collectively called the “Resolutions”), for purposes authorized by the Act. Copies of the Resolutions are on file at the office of the Corporation and at the corporate trust office of United States Trust Company of New York, in the Borough of Manhattan, City and State of New York, as trustee under the Second General Bond Resolution (said trustee and any successor thereto being herein referred to as the “Trustee”), and reference to the Resolutions and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Series 28 Bonds, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the bearers or registered owners of the Series 28 Bonds with respect thereto and the terms and conditions upon which the Series 28 Bonds are issued and may be issued thereunder.

Pursuant to the provisions of Section 10-a of the New York State Financial Emergency Act for The City of New York, as amended (constituting Chapter 1 of Title 16 of McKinney’s Unconsolidated Laws of the State of New York) (herein called the “Control Act”), the State has authorized and requires the Corporation to include in any agreement made by the Corporation with holders of its bonds issued after September 28, 1978, including the Series 28 Bonds, and the Corporation hereby includes in this Series 28 Bond, a pledge and agreement of the State that it will not take any action which will (a) substantially impair the authority of the board
(as defined in the Control Act) during a control period, as defined in subdivision twelve of Section two of the Control Act as in effect on the date the Series 28 Bonds are issued (i) to approve, disapprove, or modify any financial plan or financial plan modification, including the revenue projections (or any item thereof) contained therein, subject to the standards set forth in paragraphs a, c, d, e and f of subdivision one of Section eight of the Control Act as in effect on the date the Series 28 Bonds are issued and paragraph b of such subdivision one as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization (as defined in the Control Act) if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove a proposed short-term or long-term borrowing of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section seven of the Control Act, or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the Control Act) of City revenues; (b) substantially impair the authority of the Board to review financial plans, financial plan modifications, contracts of the City or the covered organizations and proposed short-term or long-term borrowings of the City and the covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the composition of the board so that the majority of the voting members of the board are not officials of the State elected in a state-wide election or appointees of the Governor of the State; (e) terminate the existence of the board prior to the time to be determined in accordance with Section thirteen of the Control Act as in effect on the date the Series 28 Bonds are issued; (f) substantially modify the requirements that the City's financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the board; or (g) alter the definition of a control period set forth in such subdivision twelve of Section two of the Control Act, as in effect on the date the Series 28 Bonds are issued, or substantially alter the authority of the board, as set forth in said subdivision twelve to reissue or terminate a control period; provided, however, that the foregoing pledge and agreement shall be of no further force and effect with respect to a holder of a Series 28 Bond if at any time (i) there is on deposit in a separate trust account with a bank, trust company or other fiduciary sufficient moneys or direct obligations of the United States or obligations guaranteed by the United States, the principal of and/or interest on which will provide moneys to pay punctually when due at maturity or prior to maturity by redemption, in accordance with
their terms, all principal of and interest on all outstanding Series 28 Bonds and irrevocable instructions from the Corporation to such bank, trust company or other fiduciary for such payment of such principal and interest with such moneys shall have been given, or (ii) such Series 28 Bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged. The foregoing pledge and agreement with the holder of this Series 28 Bond is in full force and effect.

To the extent and in the manner permitted by the terms of the Resolutions, the provisions of the Resolutions or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Corporation with the written consent of the holders of at least two-thirds in principal amount of the Bonds then Outstanding (as defined in the Second General Bond Resolution), or, in case less than all of the Series of Bonds would be affected thereby, with such consent of the holders of at least two-thirds in principal amount of the Bonds of each Series so affected then Outstanding, or, in case of a Sinking Fund Installment (as defined in the Second General Bond Resolution) change, with such consent of the holders of at least two-thirds in principal amount of the Outstanding Bonds affected thereby; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds.

This Series 28 Bond is transferable as provided in the Resolutions, only upon the books of the Corporation kept for that purpose at the corporate trust office of the Trustee, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such duly authorized attorney, and thereupon the Corporation shall issue in the name of the transferee, a new registered Series 28 Bond or Bonds and/or, at the option of the transferee, coupon Series 28 Bond or Bonds with appropriate coupons attached, of the same aggregate principal amount and interest rate as the surrendered Series 28 Bond, as provided in the Resolutions and upon the payment of the charges if any, therein prescribed. The Corporation and the Trustee may treat and consider the person in whose name this Series 28 Bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price (as defined in the Resolutions) hereof and interest due hereon and for all other purposes whatsoever.
The Series 28 Bonds are issuable in the form of coupon Bonds payable to bearer in the denomination of $5,000 and in the form of registered Bonds without coupons in the denomination of $5,000 or an integral multiple thereof, not exceeding the aggregate principal amount of the Series 28 Bonds. Coupon Series 28 Bonds, upon surrender thereof at the corporate trust office of the Trustee, with all unmatured coupons attached, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of registered Series 28 Bonds of any of the authorized denominations and bearing the same rate of interest, in the manner, subject to the conditions, and upon the payment of the charges, if any, provided in the Resolutions. In like manner, subject to such conditions and upon payment of such charges, if any, registered Series 28 Bonds, upon surrender thereof at the corporate trust office of the Trustee, with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Series 28 Bonds with appropriate coupons attached, and/or Series 28 Bonds without coupons of any other authorized denominations, bearing the same rate of interest.

The Series 28 Bonds are not subject to redemption prior to July 1, 1984.

The Series 28 Bonds, are subject to redemption at the election of the Corporation at any time on and after July 1, 1991, as a whole on any date or in part, by lot, on any interest payment date, as provided in the Resolutions, at the following Redemption Prices (expressed as a percentage of the principal amount), plus accrued interest, if any, to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1991 to December 31, 1992</td>
<td>102%</td>
</tr>
<tr>
<td>January 1, 1993 to June 30, 1994</td>
<td>101½%</td>
</tr>
<tr>
<td>July 1, 1994 to December 31, 1995</td>
<td>101%</td>
</tr>
<tr>
<td>January 1, 1996 to June 30, 1997</td>
<td>100½%</td>
</tr>
<tr>
<td>July 1, 1997 and thereafter</td>
<td>100%</td>
</tr>
</tbody>
</table>

The Series 28 Bonds are also subject to redemption, in part, by lot, as provided in the Resolutions, on July 1 in each year on and after July 1, 1984, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest, if any, to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on July 1 in each of the years shown below the following percentages of the principal amount of such Series 28 Bonds Outstanding on January 31, 1983, provided, that in each such year the amount so redeemed shall be equal to the
nearest integral multiple of $5,000 and, provided further, that the total amount
so redeemed shall not exceed the principal amount of Series 28 Bonds Out-
standing on January 31, 1983:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984</td>
<td>2.835%</td>
<td>1996</td>
<td>3.570%</td>
</tr>
<tr>
<td>1985</td>
<td>2.895</td>
<td>1997</td>
<td>3.635</td>
</tr>
<tr>
<td>1986</td>
<td>2.955</td>
<td>1998</td>
<td>3.695</td>
</tr>
<tr>
<td>1988</td>
<td>3.080</td>
<td>2000</td>
<td>5.075</td>
</tr>
<tr>
<td>1989</td>
<td>3.140</td>
<td>2001</td>
<td>5.275</td>
</tr>
<tr>
<td>1990</td>
<td>3.205</td>
<td>2002</td>
<td>5.490</td>
</tr>
<tr>
<td>1991</td>
<td>3.265</td>
<td>2003</td>
<td>5.730</td>
</tr>
<tr>
<td>1992</td>
<td>3.325</td>
<td>2004</td>
<td>5.985</td>
</tr>
<tr>
<td>1994</td>
<td>3.450</td>
<td>2006</td>
<td>6.565</td>
</tr>
<tr>
<td>1995</td>
<td>3.510</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Corporation may, at any time not prior to 12 months prior to an in-
terest payment date on which a Sinking Fund Installment is scheduled to be
due, but in no event less than 45 days prior to such date, direct the Trustee
to purchase, at a price not in excess of par, plus unpaid interest, if any, ac-
crued to the date of such purchase, Series 28 Bonds payable from such Sink-
ing Fund Installment and apply any Series 28 Bonds so purchased as a credit
against such Sinking Fund Installment.

In the event that any or all of the Series 28 Bonds are to be redeemed,
notice of such redemption (a) shall be given by publication once a week for
at least 2 successive weeks in a newspaper customarily published at least
once a day for at least 5 days (other than legal holidays) in each calendar
week, printed in the English language and of general circulation in the Bor-
ough of Manhattan, City and State of New York, as provided in the Resolu-
tions, the first such publication to be not less than 30 days nor more than
60 days prior to the redemption date, and (b) shall be mailed, postage pre-
paid, not less than 30 days before the redemption date to the registered own-
ers of any Series 28 Bonds or portions of the Series 28 Bonds to be redeemed,
provided, however, that such mailing shall not be a condition precedent to
such redemption and failure so to mail any such notice shall not affect the
validity of the proceedings for the redemption of the Series 28 Bonds. Notice
of redemption having been given, as aforesaid, the Series 28 Bonds or por-
tions thereof so called for redemption shall become due and payable at the
applicable Redemption Price hereinabove provided, and, from and after the
date so fixed for redemption, interest on the Series 28 Bonds, or portions
thereof so called for redemption, shall cease to accrue and become payable,
and the coupons for interest appertaining to coupon Series 28 Bonds matur-
ing subsequent to the redemption date shall be void.


The following abbreviations, when used in the inscription on the face
of this Bond, shall be construed as though they were written out in full according
to applicable laws or regulations (additional abbreviations may also be
used though not in the following list):

TEN COM—as tenants in common
TEN ENT—as tenants by the entirety
JT TEN—as joint tenants with right
      of survivorship and not as
      tenants in common

UNIF GIFT MIN ACT—
      Custodian
      (Cust) (Minor)
      Under Uniform Gifts to Minors
      Act (State)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and
transfers unto

Please Insert Social Security or Other
Identifying Number of Assignee
(For computer record only)

Please Print or Type Name and Address of Transferee

the within Series 28 Bond, and all rights thereunder, and hereby irrevocably
constitutes and appoints

Attorney
to transfer the within Series 28 Bond on the books kept for the registration
thereof, with full power of substitution in the premises.

Dated:

NOTICE: The signature to this assignment must correspond with the name as
it appears upon the face of the within Series 28 Bond in every particular, without
alteration or enlargement or any change whatever.
SECTION 302. No Recourse on Series 28 Bonds. No recourse shall be had for the payment of the principal or Redemption Price of or interest on the Series 28 Bonds or for any claim based thereon or on the Series 28 Resolution against any member or officer of the Corporation or any person executing the Series 28 Bonds and neither the Directors of the Corporation nor any other person executing the Series 28 Bonds of the Corporation shall be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 303. Execution and Authentication of Series 28 Bonds. Pursuant to the provisions of Section 303 of the Resolution, the Chairman of the Corporation is hereby authorized and directed to execute by his manual or facsimile signature the Series 28 Bonds in the name of the Corporation and the corporate seal (or a facsimile thereof) shall be thereunto affixed, impressed, engraved or otherwise reproduced thereon. The Secretary or an Assistant Secretary of the Corporation is hereby authorized and directed to attest by his manual or facsimile signature the execution of the Series 28 Bonds.

The Trustee is hereby authorized to authenticate by manual or facsimile signature the Series 28 Bonds, and deliver the same to or upon the order of the Corporation, in such amounts and at such times as the Trustee shall be directed in writing by an Authorized Officer of the Corporation.

ARTICLE IV

MISCELLANEOUS

SECTION 401. Special Covenants. (1) As used in this subsection (1) all defined terms other than Series 28 Bonds are as defined in the First General Bond Resolution. The Corporation covenants hereby with the holders of the Series 28 Bonds that it shall not issue any Bonds, Notes or Other Obligations which would cause the aggregate amount of the principal on Serial Bonds, the Sinking Fund Installments, maturities of Term Bonds not required to be paid from Sinking Fund Installments and interest on all Outstanding Bonds, and the principal of and interest on Notes and the interest on Other Obligations to be paid in any one Fiscal Year to exceed four hundred twenty-five million dollars. Notwithstanding the foregoing sentence, with respect to up to an aggregate principal amount of twenty-five million dollars of small denomination Notes, as defined in the First General Bond Resolution, for purposes of the foregoing test, debt service shall be determined by
assuming that a pro rata amount of such Notes will be redeemed in each Fiscal Year during the period from the date of issuance to the stated date of maturity and interest will accrue on such Notes from the date of issuance and be paid at such assumed dates of redemption; provided, however, that such debt service shall be so determined in such manner only if the resolution or other instrument authorizing the issuance of such small denomination Notes requires the Corporation to deposit annually in a sinking fund established for the payment of such small denomination Notes an amount at least equal to such pro rata amount and interest thereon.

(2) The Corporation covenants further hereby with the holders of the Series 28 Bonds that it shall not issue any additional Bonds unless, in addition to the certificates required pursuant to subsection 3 of Section 202 of the Resolution, it delivers to the Trustee at the time of the delivery of such additional Bonds a certificate of an Authorized Officer setting forth that the aggregate of the amounts set forth in paragraphs (1) and (2) of such subsection after deducting the amount set forth pursuant to paragraph (3) (a) of such subsection 3 and the Operating Expenses set forth pursuant to paragraph (3) (c) of such subsection, will be at least 2.0 times the aggregate amount set forth in (3) (b) of such subsection for each Fiscal Year.

(3) The Corporation shall publish (a) within forty-five (45) days after the end of each calendar quarter on an unaudited basis and (b) within ninety (90) days after end of each Fiscal Year, on the basis of an audit conducted by independent certified public accountants of recognized national standing, a statement of financial position of the Corporation at the end of the period, and the related Debt Service Fund and Capital Reserve Fund statement of transactions and the Operating Fund statement of transactions for the period then ended, together with notes and exhibits thereto, similar in form to the notes and exhibits (which in any case shall include exhibits showing (i) all Bonds and Notes of the Corporation then Outstanding, (ii) a summary of annual debt service funding requirements, and (iii) a summary of total annual debt service payment requirements) published by the Corporation for the Fiscal Year ended June 30, 1978, and both such audited and unaudited financial statements to be prepared in accordance with generally accepted accounting principles consistently applied.

SECTION 402. State Covenant. In accordance with the provisions of Section 10-a of the New York State Financial Emergency Act for The City of New York, as amended to the date hereof, being Chapter 1 of Title 16 of McKinney's Unconsolidated Laws of the State of New York (hereinafter
called the "Control Act"), the Corporation hereby includes in this Series 28 Resolution the pledge and agreement of the State with the holders of the Series 28 Bonds that the State will not take any action which will (a) substantially impair the authority of the board (as defined in the Control Act) during a control period, as defined in subdivision twelve of Section two of the Control Act as in effect on the date the Series 28 Bonds are issued (i) to approve, disapprove, or modify any financial plan or financial plan modification, including the revenue projections (or any item thereof) contained therein, subject to the standards set forth in paragraph a, c, d, e and f of subdivision one of Section eight of the Control Act as in effect on the date the Series 28 Bonds are issued and paragraph b of such subdivision one as in effect from time to time, (ii) to disapprove a contract of the City or a covered organization (as defined in the Control Act) if the performance of such contract would be inconsistent with the financial plan or to approve or disapprove a proposed short-term or long-term borrowing of the City or a covered organization or any agreement or other arrangement referred to in subdivision four of Section seven of the Control Act or (iii) to establish and adopt procedures with respect to the deposit in and disbursement from the board fund (as defined in the Control Act) of City revenues; (b) substantially impair the authority of the board to review financial plans, financial plan modifications, contracts of the City or the covered organizations and proposed short-term or long-term borrowings of the City and the covered organizations; (c) substantially impair the independent maintenance of a separate fund for the payment of debt service on bonds and notes of the City; (d) alter the composition of the board so that the majority of the voting members of the board are not officials of the State elected in a state-wide election or appointees of the Governor of the State; (e) terminate the existence of the board prior to the time to be determined in accordance with Section thirteen of the Control Act as in effect on the date the Series 28 Bonds are issued; (f) substantially modify the requirements that the City's financial statements be audited by a nationally recognized independent certified public accounting firm or consortium of firms and that a report on such audit be furnished to the board; or (g) alter the definition of a control period set forth in such subdivision twelve of Section two of the Control Act, as in effect on the date the Series 28 Bonds are issued, or substantially alter the authority of the board, as set forth in said subdivision twelve to reimpose or terminate a control period; provided, however, that the foregoing pledge and agreement shall be of no further force and effect if at any time (i) there is on deposit in a separate trust account with a bank, trust company or other fiduciary sufficient moneys or direct obligations of the United States or obligations guaranteed by the United States, the principal of and/or
interest on which will provide moneys to pay punctually when due at maturity or prior to maturity by redemption, in accordance with their terms, all principal of and interest on all outstanding Series 28 Bonds and irrevocable instructions from the Corporation to such bank, trust company or other fiduciary for such payment of such principal and interest with such moneys shall have been given, or (ii) such Series 28 Bonds, together with interest thereon, have been paid in full at maturity or have otherwise been refunded, redeemed, defeased, or discharged. The foregoing pledge and agreement with the holders of these Series 28 Bonds is in full force and effect.

SECTION 403. Authorized Officers. The Chairman, Vice Chairman, Chairman of the Finance Committee, Executive Director, Deputy Executive Director, Treasurer, Counsel, Secretary and Assistant Secretary of the Corporation are each hereby authorized to deliver and execute in the name and on behalf of the Corporation any certificate, opinion, record or other document required by or authorized pursuant to the Resolution, this Series 28 Resolution, or the Warrant Agreement in connection with the issuance of the Series 28 Bonds.

SECTION 404. When Effective. The Series 28 Resolution shall become effective immediately upon the filing with the Trustee of a copy hereof certified by an Authorized Officer.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

WARRANT RESOLUTION

AUTHORIZING WARRANTS FOR THE
PURCHASE OF
$100,000,000 SERIES 28 BONDS

Adopted January 21, 1981
BE IT RESOLVED by the Board of Directors of the Municipal Assistance Corporation For The City of New York, as follows:

Section 1. Definitions. As used in this Warrant Resolution Authorizing Warrants for the Purchase of $100,000,000 Series 28 Bonds, the following terms shall have the following respective meanings:

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement dated as of January 21, 1981, by and among the Corporation and the Purchasers governing, among other matters, the purchase of the Warrants.

"Corporation" shall mean the Municipal Assistance Corporation For The City of New York, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation.


"Series 28 Bonds" shall mean the bonds authorized by Article II of the Corporation's resolution adopted January 21, 1981, entitled "Series 28 Resolution Authorizing Not to Exceed $100,000,000 Series 28 Bonds".

"Warrant" shall mean any of the warrant certificates dated as of February 1, 1981, authorized pursuant to this Warrant Resolution Authorizing Warrants For the Purchase of $100,000,000 Series 28 Bonds, adopted January 21, 1981 and the Warrant Agreement.

"Warrant Agreement" shall mean the Warrant Agreement dated as of February 1, 1981 by and between the Corporation and United States Trust Company of New York, as Warrant Agent, governing the making, execution, delivery, form and exercise of the Warrants.

Section 2. Authorization of Warrants. The Warrants, entitling their holders to purchase $100,000,000 in aggregate principal amount of Series 28 Bonds upon the terms, conditions and limitations set forth herein, therein and in the Warrant Agreement, are hereby authorized to be issued in accordance with
the terms, conditions and limitations set forth herein, therein and in the Warrant Agreement.

Section 3. Sale and Delivery of Warrants. The Warrants shall be sold and delivered to the Purchasers in accordance with the terms and conditions of the Bond Purchase Agreement.

Section 4. Form of Warrants. The Warrants shall be in substantially the form attached as Exhibit A to the Warrant Agreement.

Section 5. CUSIP Number. The Corporation is hereby authorized, in its discretion, to provide for the assignment of a CUSIP number for the Warrants and to have such CUSIP number printed thereon.

Section 6. Warrant Numbers. The Warrants shall be designated 27W-83-, followed by the number of the Warrant. The Warrants shall be numbered consecutively from 1 upwards in order of execution.

Section 7. No Recourse on Warrants. No recourse shall be had for the enforcement of the Warrants or for any claim based thereon or on this Resolution against any member or officer of the Corporation or any person executing the Warrants and neither the Directors of the Corporation nor any other person executing the Warrants shall be subject to any personal liability or accountability by reason of the making, execution or delivery thereof.

Section 8. Execution of Warrants. The Chairman of the Corporation is hereby authorized and directed to execute by his manual or facsimile signature the Warrants in the name of the Corporation and the corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon. The Secretary or an Assistant Secretary of the Corporation is hereby authorized and directed to attest by his manual or facsimile signature the execution of the Warrants.

Section 9. Authorization of Warrant Agreement. The execution and delivery of the Warrant Agreement, substantially in the form presented at this meeting, is hereby authorized, and the Chairman, Vice Chairman, Chairman of the Finance Committee, Executive Director, Deputy Executive Director, Treasurer, Counsel, Secretary and Assistant Secretary of the Corporation are each hereby authorized to execute and deliver the Warrant Agreement in the name and on behalf of the Corporation, with such changes omissions, insertions and revisions as such officer shall deem advisable.
Section 8. When Effective. This Resolution shall become effective immediately upon adoption.
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

AND

UNITED STATES TRUST COMPANY
OF NEW YORK,

As Warrant Agent

Warrant Agreement

Dated as of February 1, 1981
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

WARRANT AGREEMENT

dated as of February 1, 1981

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WARRANT AGREEMENT

THIS AGREEMENT dated as of February 1, 1981, between Municipal Assistance Corporation For The City of New York (the “Corporation”), a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation, and United States Trust Company of New York, a banking corporation organized and existing under the laws of the State of New York, as warrant agent (the “Warrant Agent”).

WITNESSETH THAT:

WHEREAS, the Corporation adopted its Second General Bond Resolution on November 25, 1975 (as amended and supplemented, the “Second General Bond Resolution”) providing for the issue from time to time of bonds of the Corporation under which United States Trust Company of New York is serving as trustee (in such capacity, United States Trust Company of New York and any successor or successors as such trustee being hereinafter referred to as the “Trustee”); and

WHEREAS, the Corporation adopted the Series 27 Resolution (the “Series 27 Resolution”) on January 21, 1981 providing for the issue of $100,000,000 aggregate principal amount of its Series 27 Bonds (the “Series 27 Bonds”) and adopted the Series 28 Resolution (the “Series 28 Resolution”) on January 21, 1981 providing for the issue of not to exceed $100,000,000 aggregate principal amount of its Series 28 Bonds (the “Series 28 Bonds”) (the Series 27 Bonds and the Series 28 Bonds herein being referred to collectively as the “Bonds”); and

WHEREAS, the Corporation adopted the Warrant Resolution (the “Warrant Resolution”) (the Warrant Resolution, the Second General Bond Resolution, the Series 27 Resolution and the Series 28 Resolution being hereinafter referred to collectively as the “Resolutions”) on January 21, 1981 authorizing this Agreement and the delivery with the Series 27 Bonds of warrant certificates (the “Warrant Certificates”) to purchase the Series 28 Bonds; and

WHEREAS, the Corporation desires the Warrant Agent to act on behalf of the Corporation in connection with the making, execution, delivery, exercise and replacement of the Warrant Certificates, and in this Agreement wishes to set forth, among other things, the form and provisions of the Warrant Certificates and the terms and conditions on which they may be issued, exercised and replaced;

NOW THEREFORE, in consideration of the premises and of the mutual agreements herein contained, the parties hereto agree as follows:
ARTICLE I.

Making, Execution and Delivery of Warrant Certificates.

Section 1.01. Making, Execution and Delivery of Warrant Certificates. Warrant Certificates shall be delivered in connection with the issuance of the Series 27 Bonds but shall be separately transferable. Each Warrant Certificate shall evidence the right, subject to the provisions contained herein and therein, to purchase $5,000 principal amount of the Series 28 Bonds. Each Warrant Certificate, whenever delivered, shall be in bearer form substantially in the form set forth in Exhibit A hereto, shall be dated as of February 1, 1981, shall be executed in the name of the Corporation by the manual or facsimile signature of its Chairman or other Authorized Officer (as defined in the Second General Bond Resolution) and its corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced, and attested by the manual or a facsimile signature of the Secretary or the Assistant Secretary of the Corporation, or in such other manner as may be required by law, and may contain or have endorsed thereon such provisions, specifications, descriptive words, letters, numbers or other marks of identification or designation and such legends, summaries or endorsements not inconsistent with the provisions of this Agreement or the Resolutions as may be necessary or desirable to comply with custom, or otherwise, as may be determined by the Corporation prior to the delivery thereof. In case any one or more of the officers or employees who shall have signed or sealed any of the Warrant Certificates shall cease to be such officer or employee before the Warrant Certificates so signed and sealed shall have been actually countersigned and delivered by the Warrant Agent, such Warrant Certificates may, nevertheless, be countersigned and delivered as herein provided as if the persons who signed or sealed such Warrant Certificate had not ceased to hold such offices or be so employed. No Warrant Certificate may be exercised until it has been countersigned by the manual signature of the Warrant Agent.

Section 1.02. Countersignature of Warrant Certificates. The Warrant Agent shall, upon receipt of the Warrant Certificates, duly executed on behalf of the Corporation, countersign Warrant Certificates evidencing the right to purchase $100,000,000 aggregate principal amount of the Series 28 Bonds and shall deliver such Warrant Certificates to or upon the order of the Corporation. Subsequent to such original delivery of the Warrant Certificates, the Warrant Agent shall countersign a Warrant Certificate only if the Warrant Certificate is to be delivered in substitution for one or more previously countersigned Warrant Certificates, as hereinafter provided.
SECTION 1.03. Warrant Numbers. The Warrant Certificates shall be designated 27W-83- , followed by the number of the Warrant Certificate. The Warrant Certificates shall be numbered from 1 upwards in order of their execution. In addition, if the Corporation shall so elect, a CUSIP number may be printed on each Warrant Certificate.

ARTICLE II.

PURCHASE PRICE, DURATION AND EXERCISE OF WARRANT CERTIFICATES.

SECTION 2.01. Purchase Price. Each Warrant Certificate shall, when countersigned by the Warrant Agent, entitle the holder thereof, subject to the provisions of this Agreement and of the Warrant Certificate, to purchase from the Corporation $5,000 principal amount of the Series 28 Bonds at the price of $5,000, plus accrued interest on such Series 28 Bonds from the later of (i) February 1, 1981 and (ii) the date six months preceding the interest payment date on such Series 28 Bonds next following the Delivery Date (as hereinafter defined) thereof, to such Delivery Date, as set forth in Exhibit A hereto, payable in full at the time of exercise. Such purchase price of Series 28 Bonds is referred to in this Agreement as the “Purchase Price”.

SECTION 2.02. Duration of Warrant Certificates. Warrant Certificates may be exercised in whole only at any time after the delivery thereof and on or before 3:30 P.M., New York City time, on January 18, 1983. Each Warrant Certificate not exercised on or before 3:30 P.M., New York City time, on January 18, 1983 shall become void, and all rights of the holder thereunder and under this Agreement shall cease.

SECTION 2.03. Exercise of Warrant Certificates; Delivery of Series 28 Bonds. (a) During the period specified in Section 2.02, a Warrant Certificate, if countersigned by the Warrant Agent, may be exercised by surrendering it at the corporate trust office of the Warrant Agent in the Borough of Manhattan, City and State of New York, with the form of Election to Purchase set forth in the Warrant Certificate duly executed, accompanied by payment in full (payable by certified check or official bank check or by bank wire transfer in immediately available funds to United States Trust Company of New York, as Warrant Agent), in lawful money of the United States of America, of the Purchase Price for the Series 28 Bonds as to which the Warrant Certificate is exercised.

(b) The 18th day of each month, commencing with February 18, 1981 and ending January 18, 1983 shall be an exercise date (each herein called
an "Exercise Date") for Series 28 Bonds and the 25th day of each month, commencing with February 25, 1981 and ending January 25, 1983, shall be a delivery date (each herein called a "Delivery Date") for Series 28 Bonds; provided that if an Exercise Date or a Delivery Date falls on a day on which commercial banking institutions in the Borough of Manhattan, City and State of New York are authorized by law to be closed, such Exercise Date or Delivery Date shall be the next succeeding day on which such banking institutions are not so authorized to be closed. On each Delivery Date, the Corporation shall issue, pursuant to the Second General Bond Resolution and the Series 28 Resolution, an aggregate principal amount of Series 28 Bonds in respect of which Warrant Certificates have been exercised since the Exercise Date in the immediately preceding month (or, in the case of the first Delivery Date, since the date of this Agreement) and on or before 3:30 P.M., New York City time, on the immediately preceding Exercise Date. On each Delivery Date the Corporation shall issue, to or upon the order of the holder of each Warrant Certificate exercised on or prior to the immediately preceding Exercise Date, the Series 28 Bonds to which such holder is entitled, in such form authorized by the Series 28 Resolution as may be requested by such holder and, if in fully registered form or coupon form registered as to principal, registered in such name or names as may be directed by such holder. In the event that any person is entitled to receive Series 28 Bonds on any Delivery Date in respect of the exercise of two or more Warrant Certificates, such person shall be entitled to receive a Series 28 Bond in fully registered form in a principal amount representing the aggregate principal amount of Series 28 Bonds which such person is entitled to receive on such Delivery Date.

No later than three days prior to each Delivery Date, the Warrant Agent shall deliver to the Trustee a copy of each purchase form pertaining to Series 28 Bonds required to be delivered on such Delivery Date.

(c) All amounts received by the Warrant Agent in respect of the exercise of Warrant Certificates shall be held by the Warrant Agent in a separate account and invested for the benefit of the Corporation in accordance with directions given by the Corporation. Such amounts, together with all income in respect thereof, shall be paid to the Trustee in accordance with subsection (e) of this Section 2.03.

(d) On each Delivery Date, the Corporation shall cause to be delivered to each person entitled to receive Series 28 Bonds on such Delivery Date, an opinion of bond counsel with respect to the Series 28 Bonds, dated as of
such Delivery Date, substantially in the form attached as Exhibit B to this Agreement.

(e) On each Delivery Date, the Warrant Agent shall cause to be delivered to the Trustee, for deposit in accordance with the Corporation's instructions, an amount equal to the aggregate of the Purchase Prices payable pursuant to Section 2.01 in respect of all Series 28 Bonds required to be delivered on such Delivery Date together with any additional amounts required to be delivered pursuant to subsection (c) of this Section 2.03.

(f) Each Series 28 Bond issued upon the exercise of a Warrant Certificate shall be a valid and binding general obligation of the Corporation.

ARTICLE III.

OTHER PROVISIONS RELATING TO RIGHTS OF HOLDERS OF WARRANT CERTIFICATES.

SECTION 3.01. No Rights as Bondholders Conferred by Warrant Certificates. No Warrant Certificate shall entitle the holder thereof to any of the rights of a holder of the Series 28 Bonds, including, without limitation, the right to receive the payment of principal of or interest on the Bonds or to enforce any of the covenants of the Series 28 Bonds, the Second General Bond Resolution, the Series 27 Resolution or the Series 28 Resolution.

SECTION 3.02. Lost, Stolen, Mutilated or Destroyed Warrant Certificates. In case any Warrant Certificate shall become mutilated or be destroyed, stolen or lost, the Corporation shall execute and the Warrant Agent shall countersign and deliver a new Warrant Certificate of the same tenor as the Warrant Certificate so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Warrant Certificate, upon surrender and cancellation of such mutilated Warrant Certificate, or in lieu of or in substitution for the Warrant Certificate destroyed, stolen or lost, upon filing with the Warrant Agent of evidence satisfactory to the Corporation and the Warrant Agent that such Warrant Certificate has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Corporation and the Warrant Agent with indemnity satisfactory to them and complying with such other reasonable regulations as the Corporation and the Warrant Agent may prescribe and paying such expenses as the Corporation and Warrant Agent may incur in connection therewith. All Warrant Certificates so surrendered to the Warrant Agent shall be cancelled by it and evidence of such cancellation shall be given to the Corporation.
SECTION 3.03. Holder of Warrant Certificate May Enforce Rights. Notwithstanding any of the provisions of this Agreement, any holder of any Warrant Certificate, without the consent of the Warrant Agent, the Trustee, the holder of any Series 27 Bond or Series 28 Bond or the holder of any other Warrant Certificate, may, in his own behalf and for his own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce or otherwise in respect of, his right to exercise his Warrant Certificate in the manner provided in his Warrant Certificate and in this Agreement.

SECTION 3.04. Treatment of Holders of Warrant Certificates. Each Warrant Certificate when countersigned by the Warrant Agent pursuant to Section 1.02 of this Agreement shall be transferable by delivery and shall be deemed negotiable and the bearer of each Warrant Certificate may be treated by the Corporation, the Warrant Agent and all other persons dealing with said holder as the absolute owner thereof for any purpose and as the person entitled to exercise the rights represented thereby, any notice to the contrary notwithstanding.

SECTION 3.05. Cancellation of Warrant Certificates. Any Warrant Certificate surrendered for exercise shall, if surrendered to the Corporation, be delivered to the Warrant Agent, and all Warrant Certificates surrendered or so delivered to such Warrant Agent shall be promptly cancelled by the Warrant Agent and no Warrant Certificate shall be made, executed or delivered hereunder in lieu thereof. The Warrant Agent shall deliver to the Corporation from time to time or otherwise dispose of cancelled Warrant Certificates in a manner satisfactory to the Corporation.

ARTICLE IV.
CONCERNING THE WARRANT AGENT.

SECTION 4.01. Warrant Agent. The Corporation hereby appoints United States Trust Company of New York as Warrant Agent of the Corporation in respect of the Warrant Certificates upon the terms and subject to the conditions herein set forth; and United States Trust Company of New York hereby accepts such appointment. The Warrant Agent shall have the powers and authority granted to and conferred upon it in the Warrant Certificates and hereby and such further powers and authority to act on behalf of the Corporation as the Corporation may hereafter grant to or confer upon it. All of the terms and provisions with respect to such powers and authority
contained in the Warrant Certificates are subject to and governed by the
terms and provisions hereof.

SECTION 4.02. Conditions of Warrant Agent's Obligations. The Warrant Agent accepts its obligations herein set forth, upon the terms and conditions hereof, including the following, to all of which the Corporation agrees and to all of which the rights hereunder of the holders from time to time of the Warrant Certificates shall be subject:

(a) Compensation and Indemnification. The Corporation agrees promptly to pay the Warrant Agent the compensation to be agreed upon with the Corporation for all services rendered by the Warrant Agent and to reimburse the Warrant Agent for reasonable expenses, taxes if any, other duties, if any, charges and other disbursements, including those of its attorneys, agents and employees, incurred by the Warrant Agent in connection with the services rendered hereunder by the Warrant Agent. The Corporation also agrees to indemnify the Warrant Agent and save it harmless against any liability or expense incurred without negligence or bad faith on the part of the Warrant Agent, arising out of or in connection with its acting as such Warrant Agent hereunder, as well as the costs and expenses of defending against any claim of liability in the premises.

(b) Agent for the Corporation. In acting under this Warrant Agreement and in connection with the Warrant Certificates, the Warrant Agent is acting solely as agent of the Corporation and does not assume any obligation or relationship of agency or trust for or with any of the owners or holders of the Warrant Certificates.

(c) Counsel. The Warrant Agent may consult with counsel satisfactory to it, who may or may not be counsel to the Corporation, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or omitted to be taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

(d) Documents. The Warrant Agent shall be protected and shall incur no liability for or in respect of any action taken or thing suffered by it in reliance in good faith upon any Warrant Certificate, notice, direction, consent, certificate, affidavit, statement, resolution, request, order, report, opinion, bond or other paper or document believed by it to be genuine and to have been passed, signed or presented by the proper party or parties.
(e) Certain Transactions. The Warrant Agent, and its officers, directors and employees, may act as Trustee and may become the owner of, or acquire any interest in, any Warrant Certificates, with the same rights that it or they would have if it were not the Warrant Agent hereunder, and it or they may engage or be interested in any financial or other transaction with the Corporation and may act on, or as depository, trustee or agent for, any committee or body of holders of Bonds or coupons or other obligations of the Corporation as freely as if it were not the Warrant Agent hereunder.

(f) No Liability for Interest. Except as otherwise provided in Section 2.03(c) hereof, the Warrant Agent shall not be under any liability for interest on any monies at any time received by it pursuant to any of the provisions of this Agreement or of the Warrant Certificates.

(g) No Liability for Invalidity. The Warrant Agent shall not incur any liability with respect to the validity of this Agreement or any of the Warrant Certificates.

(h) No Responsibility for Representations. The Warrant Agent shall not be responsible for any of the recitals or representations herein or in the Warrant Certificates contained (except as to the Warrant Agent's countersignature thereon), all of which are made solely by the Corporation.

(i) No Responsibility for Distribution. The Warrant Agent shall not be responsible for the distribution of the Warrant Certificates, except as otherwise provided in this Agreement.

(j) No Implied Obligations. The Warrant Agent shall be obligated to perform such duties as are herein and in the Warrant Certificates specifically set forth and no implied duties or obligations shall be read into this Agreement or the Warrant Certificates against the Warrant Agent. The Warrant Agent shall not be under any obligation to take any action hereunder which may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its reasonable opinion, assured to it. The Warrant Agent shall not be accountable or under any duty or responsibility for the use by the Corporation of any of the Warrant Certificates countersigned by the Warrant Agent and delivered by it to the Corporation pursuant to this Agreement or for the application by the Corporation of the proceeds of the Warrant Certificates. The Warrant Agent shall have no duty or
responsibility in case of any default by the Corporation in the performance of its covenants or agreements contained in the Warrant Certificates or in the case of the receipt of any written demand from a holder of a Warrant Certificate with respect to such default, including, without limiting the generality of the foregoing, any duty or responsibility to initiate or attempt to initiate any proceedings at law or otherwise or, except as provided in Section 5.02 hereof, to make any demand upon the Corporation.

SECTION 4.03. Resignation and Appointment of Successor. (a) The Corporation agrees, for the benefit of the holders from time to time of the Warrant Certificates, that there shall at all times be a Warrant Agent hereunder until all the Warrant Certificates are no longer exercisable.

(b) The Warrant Agent may at any time resign as such agent by giving written notice to the Corporation of such intention on its part, specifying the date on which its desired resignation shall become effective; provided that such date shall not be less than three months after the date on which such notice is given unless the Corporation agrees to accept less notice. The Warrant Agent hereunder may be removed at any time by the filing with it of an instrument in writing signed by or on behalf of the Corporation and specifying such removal and the date when it shall become effective. Such resignation or removal shall take effect upon the appointment by the Corporation, as hereinafter provided, of a successor Warrant Agent (which shall be a bank or trust company organized and doing business under the laws of the United States of America or of the State of New York, in good standing, and have an established place of business in the Borough of Manhattan, City and State of New York, and authorized under such laws to exercise corporate trust powers) and the acceptance of such appointment by such successor Warrant Agent. Upon its resignation or removal, the Warrant Agent shall be entitled to the payment by the Corporation of the compensation agreed to under Section 4.02(a) hereof for, and to the reimbursement of all reasonable out-of-pocket expenses incurred in connection with, the services rendered hereunder by the Warrant Agent.

(c) In case at any time the Warrant Agent shall resign, or shall be removed, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or shall commence a case seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or under any other applicable Federal or State bankruptcy law or similar law or make an assignment for the benefit of its creditors or consent to the appointment of a receiver or custodian of all or any substantial part of its property, or shall
admit in writing its inability to pay or meet its debts as they mature, or if a receiver or custodian of it or of all or any substantial part of its property shall be appointed, or if an order of any court shall be entered for relief against it under the provisions of Title 11 of the United States Code, as now constituted or hereafter amended, or under any other applicable Federal or State bankruptcy or similar law, or if any public officer shall have taken charge or control of the Warrant Agent or of its property or affairs, for the purpose of rehabilitation, conservation or liquidation, a successor Warrant Agent, qualified as aforesaid, shall be appointed by the Corporation by an instrument in writing, filed with the successor Warrant Agent. Upon the appointment as aforesaid of a successor Warrant Agent and acceptance by the latter of such appointment, the Warrant Agent so superceded shall cease to be Warrant Agent hereunder.

(d) Any successor Warrant Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Corporation an instrument accepting such appointment hereunder, and thereupon such successor Warrant Agent, without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of such predecessor with like effect as if originally named as Warrant Agent hereunder, and such predecessor, upon payment of its charges and disbursements then unpaid, shall thereupon become obligated to transfer, deliver and pay over, and such successor Warrant Agent shall be entitled to receive, all monies, securities and other property on deposit with or held by such predecessor, as Warrant Agent hereunder.

(e) Any corporation into which the Warrant Agent hereunder may be merged or converted or any corporation with which the Warrant Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Warrant Agent shall be a party, or any corporation to which the Warrant Agent shall sell or otherwise transfer all or substantially all the assets and business of the Warrant Agent, provided that it shall be qualified as aforesaid, shall be the successor Warrant Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto.

ARTICLE V.

MICHELLEANEOUS.

SECTION 5.01. Amendment. This Agreement may be amended by the parties hereto, without the consent of the holder of any Warrant Certificate, for the purpose of curing any ambiguity, or of curing, correcting or
supplementing any defective provision contained herein, or in regard to matters of questions arising under this Agreement as the Corporation and the Warrant Agent may deem necessary or desirable, provided such action shall not adversely affect the interests of the holders of the Warrant Certificates.

Section 5.02. Notices and Demands to the Corporation and Warrant Agent. If the Warrant Agent shall receive any notice or demand addressed to the Corporation by the holder of a Warrant Certificate pursuant to the provisions of the Warrant Certificates, the Warrant Agent shall promptly forward such notice or demand to the Corporation.

Section 5.03. Addresses. Any communications from the Corporation to the Warrant Agent with respect to this Agreement shall be addressed to it at 45 Wall Street, New York, New York 10005, Attention: Corporate/Municipal Trust and Agency Department, and any communications from the Warrant Agent to the Corporation with respect to this Agreement shall be addressed to it at One World Trade Center, Suite 8901, New York, New York 10048 (or such other address as shall be specified in writing by the Warrant Agent or by the Corporation).

Section 5.04. Applicable Law. The validity, interpretation and performance of this Agreement and each Warrant Certificate issued hereunder and of the respective terms and provisions thereof shall be governed by the laws of the State of New York.

Section 5.05. Delivery of Official Statement. The Corporation will furnish to the Warrant Agent sufficient copies of an Official Statement relating to the Corporation, and the Warrant Agent agrees that upon the exercise of any Warrant Certificate by the holder thereof, the Warrant Agent will deliver to such holder, prior to or concurrently with the delivery of the Series 28 Bonds issued upon such exercise, a copy of the most recent Official Statement so delivered to it by the Corporation.

Section 5.06. Persons Having Rights under Warrant Agreement. Nothing in this Agreement expressed or implied and nothing that may be inferred from any of the provisions hereof is intended, or shall be construed, to confer upon, or give to, any person or corporation other than the Corporation, the Warrant Agent and the holders of the Warrant Certificates any right, remedy or claim under or by reason of this Agreement or of any covenant, condition, stipulation, promise or agreement hereof; and all covenants, conditions, stipulations, promises and agreements in this Agreement
contained shall be for the sole and exclusive benefit of the Corporation and
the Warrant Agent and their successors and of the holders of the Warrant
Certificates.

SECTION 5.07. Headings. The descriptive headings of the several
Articles and Sections of this Agreement are inserted for convenience only
and shall not control or affect the meaning or construction of any of the
provisions hereof.

SECTION 5.08. Counterparts. This Agreement may be executed in any
number of counterparts, each of which so executed shall be deemed to be an
original; but such counterparts shall together constitute but one and the
same instrument.

SECTION 5.09. Inspection of Agreement. A copy of this Agreement
shall be available at all reasonable times at the principal corporate trust
office of the Warrant Agent in the Borough of Manhattan, City and State
of New York, for inspection by the holder of any Warrant Certificate. The
Warrant Agent may require such holder to submit his Warrant Certificate
for inspection by it.

In Witness Whereof, this Agreement has been duly executed by the
parties hereto as of the day and year first above written.

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By    STEPHEN J. WEINSTEIN
       Deputy Executive Director
       Authorized Officer

UNITED STATES TRUST COMPANY OF
NEW YORK

By    MALCOLM J. HOOD
       Senior Vice President
EXHIBIT A

[FORM OF WARRANT CERTIFICATE]

EXERCISABLE ONLY IF COUNTERSIGNED BY THE WARRANT AGENT AS PROVIDED HEREIN.

No. 27W-83- Warrant Certificate to purchase $5,000 principal amount of 10% Series 28 Bonds Due July 1, 2007 of the Municipal Assistance Corporation For The City of New York as herein described.

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK PURCHASE WARRANT FOR 10% SERIES 28 BONDS DUE JULY 1, 2007 VOID AFTER 3:30 P.M., NEW YORK CITY TIME, ON JANUARY 18, 1983.

DELIVERY OF SERIES 28 BONDS WILL BE MADE ONLY ON THE 25TH DAY OF EACH MONTH TO AND INCLUDING JANUARY 25, 1983. THIS PURCHASE WARRANT MUST BE EXERCISED BEFORE 3:30 P.M., NEW YORK CITY TIME, ON THE 18TH DAY OF ANY SUCH MONTH IN ORDER TO ENTITLE THE BEARER TO DELIVERY OF A SERIES 28 BOND ON THE 25TH DAY OF SUCH MONTH.

This certifies that the bearer will be entitled to purchase on or before 3:30 P.M., New York City time, on January 18, 1983, $5,000 principal amount of 10% Series 28 Bonds due July 1, 2007 (the “Series 28 Bonds”) of the Municipal Assistance Corporation For The City of New York (the “Corporation”), to be issued under the Resolutions (as hereinafter defined), at the price of $5,000, plus accrued interest from the later of (i) February 1, 1981 and (ii) the date six months preceding the interest payment date of the Series 28 Bonds next following the Delivery Date (as hereinafter defined) of such Series 28 Bonds, to such Delivery Date (herein called the “Purchase Price”), as shown on the reverse side of this Warrant Certificate, by surrendering this Warrant Certificate, with the form of Election To Purchase on the back hereof duly executed, at the United States Trust Company of New York, or its successor as warrant agent (the “Warrant Agent”), at the addresses specified on the reverse hereof in the Borough of Manhattan, City and State of New York, accompanied by payment in full (payable by certified check or by official bank check or by bank wire transfer in immediately available funds, to United States Trust Company of New York, as Warrant Agent), in lawful money of the United States of America, of the Purchase Price for the Series 28
Bonds as to which this Warrant Certificate is exercised, and upon compliance with and subject to the conditions set forth herein and in the Warrant Agreement (as hereinafter defined). Warrant Certificates which have not been received at the corporate trust office of the Warrant Agent, together with a duly executed Election To Purchase and Purchase Price, before 3:30 P.M., New York City time, on January 18, 1983, shall be void. The method of delivery is at the election and risk of the owner of this Warrant Certificate, but, if sent by mail, registered mail with return receipt requested is recommended.

This Warrant Certificate may not be exercised until countersigned by the Warrant Agent. Upon submission to the Warrant Agent of this Warrant Certificate, it may be exercised to purchase Series 28 Bonds in the form of coupon Bonds payable to bearer, or in the form of coupon Bonds registered as to principal only, or in the form of fully registered Bonds without coupons, as requested by the holder hereof upon exercise of this Warrant Certificate. This Warrant Certificate may not be exercised in part. The Series 28 Bonds for which this Warrant Certificate may be exercised will be delivered only on the 25th day (or the next succeeding day on which commercial banking institutions in the Borough of Manhattan, City and State of New York, are not authorized by law to be closed) of each month (each herein called a “Delivery Date”); provided that this Warrant Certificate has been validly exercised on or prior to 3:30 P.M., New York City time, on the 18th day (or the next succeeding day on which commercial banking institutions in the Borough of Manhattan, City and State of New York are not authorized by law to be closed) of such month, all as provided in the Warrant Agreement.

This Warrant Certificate is made, executed and delivered under and in accordance with the Warrant Agreement dated as of February 1, 1981 (the “Warrant Agreement”), between the Corporation and the Warrant Agent and is subject to the terms and provisions contained in the Warrant Agreement, to all of which terms and provisions the holder of this Warrant Certificate consents by acceptance hereof. Copies of the Warrant Agreement are on file at the above-mentioned office of the Warrant Agent.

The Series 28 Bonds to be issued and delivered upon the exercise of this Warrant Certificate will be issued under and in accordance with the bond resolution of the Corporation adopted November 25, 1975, as amended and supplemented, entitled “Second General Bond Resolution” (herein called the “Second General Bond Resolution”) under which United States Trust Company of New York, a banking corporation organized and existing under the laws of the State of New York, is serving as trustee (said trustee and any successor or successors thereto being hereinafter referred to as the “Trustee”)


and the series resolution of the Corporation, adopted January 21, 1981, entitled “Series 28 Resolution Authorizing Not to Exceed $100,000,000 Series 28 Bonds” (the “Series 28 Resolution”) (said resolutions being herein collectively called the “Resolutions”) and will be subject to the terms and provisions contained in the Series 28 Bonds and in the Resolutions. Copies of the Resolutions, including the form of the Series 28 Bonds, are on file at the corporate trust office of the Trustee, in the Borough of Manhattan, City and State of New York.

The Corporation covenants and agrees that for purposes of establishing compliance with any limitations on the Corporation’s ability to issue additional bonds, now or hereafter contained in the Second General Bond Resolution, including but not limited to, Section 202 thereof, or any Series Resolution or Supplemental Resolution (as such terms are defined in the Second General Bond Resolution), or in any law, statute, judgment, decree, order, ordinance, governmental rule or regulation or other instrument or agreement binding upon the Corporation, including but not limited to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the city of New York Act, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law (Chapter 43-a of the Consolidated Laws of the State of New York), as heretofore and hereafter amended, the entire principal amount of the Series 28 Bonds, less the principal amount of Series 28 Bonds, if any, in respect of which Warrant Certificates have been cancelled, shall be deemed to be issued and outstanding whether or not then issued and delivered under the Second General Bond Resolution.

The Corporation covenants and agrees that it will cause to be delivered to the person entitled to receive Series 28 Bonds upon exercise of this Warrant Certificate, on the Delivery Date therefor, an opinion of bond counsel, dated as of such Delivery Date, substantially in the form attached as Exhibit B to the Warrant Agreement.

The Corporation covenants and agrees that it shall not modify or amend the Second General Bond Resolution or the Series 28 Resolution if the same adversely affects or diminishes the rights of the holders of the Warrant Certificates without first obtaining the written consent of the holders of a majority of the Warrant Certificates at the time outstanding; provided that no such modification or amendment shall change the amount or date of any Sinking Fund Installment (as defined in the Second General Bond Resolution) in respect of the Series 28 Bonds, or shall permit a change in the terms of redemption or maturity of the principal of the Series 28 Bonds or of any installment of interest thereon or in the rate of interest thereon without first obtaining the written consent of the holders of all of the Warrant Certificates at the time outstanding.
This Warrant Certificate, when countersigned by the Warrant Agent, and all rights hereunder, are transferable by delivery and the Corporation and the Warrant Agent may treat the holder hereof as the owner for all purposes.

This Warrant Certificate, when countersigned by the Warrant Agent, is fully negotiable for all purposes of the Uniform Commercial Code (Chapter 38 of the Consolidated Laws of the State of New York) and each holder of this Warrant Certificate by accepting this Warrant Certificate shall be conclusively deemed to have agreed that this Warrant Certificate is fully negotiable for those purposes.

This Warrant Certificate shall not entitle the holder hereof to any of the rights of a holder of a Series 28 Bond, including, without limitation, the right to receive payments of principal and redemption premium, if any, of and interest on a Series 28 Bond or to enforce any of the covenants of the Series 28 Bonds or the Resolutions.

Neither the directors of the Corporation nor any person executing this Warrant Certificate shall be subject to any personal liability or accountability by reason of the making, execution or delivery thereof.

Dated as of: February 1, 1981

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

By ........................................
Chairman

Attest:

[SEAL]

 ........................................
Secretary

Countersigned:

UNITED STATES TRUST COMPANY
OF NEW YORK,

as Warrant Agent

By ........................................
Authorized Signature
[FORM OF ELECTION TO PURCHASE]

(To be executed upon exercise of Warrant Certificate. Please print or type except for signature(s).)

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, to purchase $5,000 principal amount of the 10 7/8% Series 28 Bonds Due July 1, 2007 of the Municipal Assistance Corporation For The City of New York and herewith tenders payment for such Series 28 Bonds (payable by certified check or official bank check or by bank wire transfer in immediately available funds to United States Trust Company of New York, as Warrant Agent) in the amount of the Purchase Price as set forth below in accordance with the terms hereof. The undersigned requests a Series 28 Bond:

☐ in coupon form payable to bearer
☐ in coupon form registered as to principal to

Name(s)   (Please Print)

Address

Social Security or Identifying Number

☐ in fully registered form as to principal and interest to

Name(s)   (Please Print)

Address

Social Security or Identifying Number

If this Warrant Certificate is being exercised along with other Warrant Certificate(s) by the same holder(s), and the holder(s) wish the Series 28 Bond(s) to be delivered in registered form in a denomination other than
$5,000, please indicate below the denomination(s) of the Series 28 Bond(s) to be so delivered, along with the number(s) of the other Warrant Certificate(s) being exercised:

Denomination(s) ..................................................

............................................................

Warrant Certificate Number(s) ..............................

............................................................

The Series 28 Bond(s) will be mailed to the address appearing below, unless the box "Window Pick-up" is completed, in which case they shall be held for pick-up at the United States Trust Company of New York at the addresses set forth below.

Dated:

(Insert Social Security or Identifying Number)

Name(s): .................................................. (Please Print)

Address ....................................................

............................................................

Signature ..................................................


WINDOW PICK-UP

If Series 28 Bonds are to be picked up by hand at United States Trust Company of New York, check this box. □

Hours: 8:30 a.m. to 3:30 p.m., Monday through Friday.

.........................: By. ......................... (Signature)

Date .......................... (Name)

.........................: By. ......................... (Signature)

Date .......................... (Name)

(Please print your name on the line under your signature.)
This Warrant Certificate may be exercised at the following addresses:

By hand or mail through June 30, 1981, at United States Trust Company of New York, Corporate Trust and Agency Services, 130 John Street, New York, New York 10038; and on or after July 1, 1981, at United States Trust Company of New York, Corporate Trust and Agency Services, 45 Wall Street, New York, New York 10005.

**PURCHASE PRICE**

The following table sets forth the amount of the payment which must be tendered with this Warrant Certificate, which is comprised of $5,000 plus accrued interest in accordance with the terms hereof:

<table>
<thead>
<tr>
<th>Dates of Exercise (Both Inclusive)</th>
<th>Purchase Price Per $5,000 Series 28 Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 5, 1981 to February 18, 1981</td>
<td>$5,035.42</td>
</tr>
<tr>
<td>February 19, 1981 to March 18, 1981</td>
<td>5,079.69</td>
</tr>
<tr>
<td>March 19, 1981 to April 20, 1981</td>
<td>5,123.96</td>
</tr>
<tr>
<td>April 21, 1981 to May 18, 1981</td>
<td>5,168.23</td>
</tr>
<tr>
<td>May 19, 1981 to June 18, 1981</td>
<td>5,212.50</td>
</tr>
<tr>
<td>June 19, 1981 to July 20, 1981</td>
<td>5,035.42</td>
</tr>
<tr>
<td>July 21, 1981 to August 18, 1981</td>
<td>5,079.69</td>
</tr>
<tr>
<td>August 19, 1981 to September 18, 1981</td>
<td>5,123.96</td>
</tr>
<tr>
<td>September 19, 1981 to October 19, 1981</td>
<td>5,168.23</td>
</tr>
<tr>
<td>October 20, 1981 to November 18, 1981</td>
<td>5,212.50</td>
</tr>
<tr>
<td>November 19, 1981 to December 18, 1981</td>
<td>5,256.77</td>
</tr>
<tr>
<td>December 19, 1981 to January 18, 1982</td>
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<td>5,035.42</td>
</tr>
</tbody>
</table>
Municipal Assistance Corporation  
For The City of New York  
New York, New York  

Dear Sirs:

We have examined a record of proceedings relating to the issuance of not to exceed $100,000,000 aggregate principal amount of Series 28 Bonds (the “Series 28 Bonds”) of the Municipal Assistance Corporation For The City of New York (the “Corporation”), a corporate governmental agency and instrumentality of the State of New York (the “State”) constituting a public benefit corporation, created and existing under and pursuant to the Constitution and statutes of the State, including the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended to the date hereof (the “Act”).

The Series 28 Bonds are authorized and issued under and pursuant to the Act and the Second General Bond Resolution of the Corporation, adopted November 25, 1975, as amended and supplemented to the date hereof (the “Second General Bond Resolution”), and the Series 28 Resolution, adopted January 21, 1981 (the “Series Resolution”). Said resolutions are herein collectively called the “Resolutions”.

The Series 28 Bonds are part of an issue of bonds of the Corporation (the “Bonds”) which the Corporation has established and created under the terms of the Second General Bond Resolution and is authorized to issue from time to time for the corporate purposes of the Corporation authorized by the Act, as then in effect and without limitation as to amount except as provided in the Resolutions and certain agreements of the Corporation or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation and with certain others to limit the issuance of additional bonds. The Series 28 Bonds are being issued for purposes set forth in the Resolutions.

The Corporation is authorized to issue Bonds, in addition to the Series 28 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the Series 28 Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Second General Bond Resolution.

The Series 28 Bonds are dated February 1, 1981 except as otherwise provided in the Resolutions with respect to fully registered Series 28 Bonds, will mature on July 1, 2007 and will bear interest payable on each January 1 and on each July 1 after the delivery thereof at the rate of ten and five-eighths per centum (10.625%) per annum.

The Series 28 Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an integral multiple thereof. Coupon and fully registered Series 28 Bonds are interchangeable as provided
in the Resolutions. Coupon Series 28 Bonds are numbered 28-07- and fully registered Series 28 Bonds are lettered and numbered 28R-07- followed, in each case, by the number of the Series 28 Bonds. Coupon Series 28 Bonds and fully registered Series 28 Bonds are numbered consecutively from one upward in order of issuance.

The Series 28 Bonds are subject to redemption, commencing on July 1, 1984, and on each July 1 thereafter prior to maturity, in each case in part, as provided in the Resolutions, by operation of the Bond Service Fund through application of Sinking Fund Installments as defined in the Second General Bond Resolution in the amounts set forth in the Series Resolution, at the redemption price of 100% of the principal amount of each Series 28 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the Series 28 Bonds are subject to redemption at the election of the Corporation on and after July 1, 1991, as a whole on any date or in part, by lot, on any interest payment date, at the redemption prices (expressed as percentages of the principal amount), plus accrued interest, if any, to the date of redemption, as set forth in the Series Resolution.

Chapters 168, 169, 868 and 870 of the Laws of 1975, as amended to the date hereof, each enacted by the People of the State, represented in Senate and Assembly of the State and signed into law by the Governor of the State (the “Enabling Legislation”) provide for, among other things, the insertion of the Act in the Public Authorities Law, creating the Corporation as aforesaid, adding a new section 92-e to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the “Aid Assistance Fund”) and a special account for the Corporation within the Aid Assistance Fund (the “Special Aid Account”), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature of the State and otherwise payable out of the General Fund of the State to the City of New York, New York (“The City”) thereunder subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, constituting Chapter 16 of such Consolidated Laws; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 41 of such Consolidated Laws; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of chapter seven of the laws of the State of nineteen hundred seventy-two; (iv) any amounts required to be paid by The City to the State to repay an advance made in nineteen hundred seventy-four to subsidize the fare of The New York City Transit Authority; and (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph e of subdivision 7 of such section 54 of the State Finance Law, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the Series 28 Bonds, and interest thereon have been fully paid and discharged, adding a new section 92-d to Article 6 of the State Finance Law establishing a municipal assistance tax fund (the “Tax Assistance Fund”) and a special account for the Corporation within the Tax Assistance Fund (the “Special Tax Account”), and adding a new section 1107 to Article 28 of said Tax Law imposing sales and compensating use taxes in The City at a rate of four percent (4%) on certain items therein described and at a rate of six percent (6%) on the sale of certain parking services (the “Sales Tax”), the revenues derived from which, less such amounts as the Commissioner of Taxation and Finance determines to be necessary for reasonable costs in administrating, collecting and distributing such taxes, are required to be paid into the Special Tax Account, together with, after deducting such costs, such amounts, as may be required under the Enabling Legislation to be transferred from the Stock Transfer Tax Fund established by section 92-b of Article 6 of said State Finance Law, into which the revenues derived from a tax imposed by Article 12 of the Tax Law (the “Stock Transfer Tax”) are deposited.
We are of the opinion that:

1. The Corporation is duly created and validly exists as a corporate governmental agency and instrumentality of the State constituting a public benefit corporation under the laws of the State, including the Constitution of the State and the Act, with the good right and lawful authority and power to adopt the Resolutions, to issue the Bonds including the Series 28 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the Series 28 Bonds. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Enabling Legislation, including the Act, is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Series Resolution has been duly and lawfully adopted in accordance with the provisions of the Second General Bond Resolution and is authorized and permitted by the Second General Bond Resolution. The Resolutions have been duly and lawfully adopted by the Corporation and both are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, except for the covenant on behalf of the State required to be set forth in each Series 28 Bond pursuant to Chapter 201 of the Laws of New York of 1978 (the “State Covenant”) as to which a separate opinion has been rendered on the date hereof, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys, securities and funds held or set aside under the Resolutions, subject only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys, securities and funds in the Bond Service Fund and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Bond Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subject to the pledge and lien created by the Resolutions.

3. The Series 28 Bonds have been duly and validly authorized and issued by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Act, and in accordance with the Resolutions. The Series 28 Bonds are valid and binding general obligations of the Corporation payable as provided in the Resolutions, are enforceable in accordance with their terms, respectively, and the terms of the Resolutions, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws validly enacted affecting creditors’ rights or remedies generally, and, except as otherwise set forth with respect to the State Covenant as to which a separate opinion has been rendered as aforesaid, are entitled, together with additional Bonds issued under the Second General Bond Resolution, to the equal benefit, protection and security of the provisions, covenants and obligations of the Second General Bond Resolution and of the Act.

4. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall annually, on or before December 1, make and deliver to the Governor and Director of the Budget of the State his certificate stating such sum, if any, as shall be necessary to restore the amount in the Capital Reserve Fund to an amount equal to the Capital Reserve Fund requirement under the Second General Bond Resolution. Subdivision 3 of Section 3036-a of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.

5. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 and of Section 3036-a of the Act, for deposit in the funds established by the Second General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Bond Service Fund to
pay all interest and all principal and redemption premium, if any, on bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such Capital Reserve Fund requirement. Said subdivisions provide for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Aid Assistance Fund into which is paid such per capita aid, subject to certain prior claims as described above, and, to the extent required, subject to the prior claim of the holders of obligations of the Corporation issued or to be issued pursuant to the First General Bond Resolution (as such term is defined in the Second General Bond Resolution), the Tax Assistance Fund into which is paid the Sales Tax, and to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of per capita aid payable to The City and available for apportionment and payment from the General Fund of the State treasury and of such payments out of the Aid and Tax Assistance Funds to the Corporation are subject to annual appropriation for such purposes by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate any such amounts so certified by the Chairman, as aforesaid.

6. The Series 28 Bonds do not constitute a debt either of the State or of The City, and neither the State nor The City shall be liable thereon, nor shall the Series 28 Bonds be payable out of any funds other than those of the Corporation.

7. The State has the good right and lawful authority:

(a) to provide for the appropriation of, and at least annually to appropriate out of the General Fund of the State amounts for the purpose of per capita aid and to provide, with respect to certain amounts of such per capita aid payable to The City in accordance with the provisions of section 54 of the State Finance Law, for the apportionment and payment into the Special Aid Account, of amounts sufficient to enable the Corporation to fulfill the terms of the Resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make any, or maintain any level of, such appropriation of per capita aid or to continue such procedure for apportionment and payment of such aid;

(b) to provide for the appropriation of, and at least annually to appropriate to, the Corporation, from the Special Tax Account and from the Stock Transfer Tax Fund, amounts sufficient to enable the Corporation to fulfill the terms of the Resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make such appropriations;

(c) to suspend the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes and the taxes levied thereunder, in accordance with the Enabling Legislation;

(d) to impose and to increase or decrease the Sales Tax and the Stock Transfer Tax but the State is not bound or obligated to continue the imposition of said taxes; and

(e) to establish the Aid Assistance Fund and the Special Aid Account within the Aid Assistance Fund, the Stock Transfer Tax Fund, the Tax Assistance Fund and the Special Tax Account within the Tax Assistance Fund but the State is not bound or obligated to maintain the existence of said funds or accounts.

8. The Corporation, the holders of the Bonds, holders of any evidence of indebtedness of the Corporation or the holders of bonds or notes of The City do not have nor will they have a lien on the per capita aid referred to hereinbefore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Code or otherwise) wherein a creditor of The City or The City seeks to assert a right to any such Taxes, such Stock Transfer Tax Fund or such Special Accounts superior or equal to the rights of holders of bonds issued under the Second General Bond Resolution, neither The City nor such creditor will prevail in the court of final jurisdiction.

9. Under existing law, upon any failure of the State Legislature to make required appropriations for State debt obligations or upon the establishment of a note repayment account pursuant to Section 55
of the State Finance Law, moneys on deposit in the Stock Transfer Tax Fund and the Tax Assistance Fund, including the Special Tax Account therein (each such account or fund as presently constituted being a special fund of the State), would not constitute revenues applicable to the General Fund of the State and hence neither Article 7, Section 16 of the State Constitution nor said Section 55 authorizes or mandates such moneys to be set apart by the State Comptroller either for the payment of State obligations or for deposit into such note repayment account. We are further of the opinion that, under existing law, collections of the Sales Tax and the Stock Transfer Tax which are to be deposited into the Special Tax Account and the Stock Transfer Tax Fund, do not constitute revenues applicable to the General Fund of the State and hence such collections would likewise not be authorized or mandated to be set apart or applied by the State Comptroller either for the payment of the State obligations or for deposit into such note repayment account. Per capita aid is, under existing law, derived from the General Fund of the State and hence, in the event of a failure to appropriate as above described, revenues of the State, otherwise applicable to the General Fund and therefore available for appropriation as per capita aid will be subject to being set apart, or applied as aforesaid.

10. Under existing statutes and court decisions, interest on the Series 28 Bonds is exempt from Federal income taxes and shall at all times be free from New York State and New York City personal income taxes.

11. No registration with, consent of, or approval by any governmental agency or commission is necessary for the execution and delivery and the issuance of the Series 28 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the Series 28 Bonds, and the execution and delivery of the Series 28 Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law.

We have examined the executed Series 28 Bond numbered 28-07-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,
ORDER AS TO AUTHENTICATION
AND DELIVERY OF SERIES 27 BONDS
AND AS TO
COUNTERSIGNATURE AND DELIVERY OF WARRANTS

5 February 1981

United States Trust Company
of New York
45 Wall Street
New York, New York 10005

Attention: Mr. Malcolm J. Hood
Senior Vice President

Gentlemen:

We have heretofore delivered to you, as Trustee under the
Second General Bond Resolution adopted November 25, 1975, as
amended and supplemented (herein called the Second General
Bond Resolution), by the Municipal Assistance Corporation
For The City of New York (the Corporation), $100,000,000
principal amount of Series 27 Bonds, dated February 1, 1981,
in definitive form (the Bonds), authorized, printed, executed
and issued pursuant to the Second General Bond Resolution
and the Series 27 Resolution of the Corporation adopted
January 21, 1981, and to be sold pursuant to the Bond Purchase
Agreement dated January 21, 1981 (the Bond Purchase Agreement)
and the Official Statement of the Corporation dated January
21, 1981 (the Official Statement). We have also delivered
to you as Trustee on January 22, 1981, the $500,000 good
faith deposit for the purchase price of the Bonds.

We have also heretofore delivered to you, as Warrant Agent
under the Warrant Agreement dated as of February 1, 1981,
between the Corporation and you, Warrants to purchase an
aggregate amount of $100,000,000 of the Corporation's Series
28 Bonds, dated February 1, 1981, in definitive form (the
Warrants), authorized, printed and executed pursuant to the
Warrant Agreement and the Warrant Resolution of the Corpor-
ation adopted January 21, 1981 (the Warrant Resolution), and
to be delivered pursuant to the Bond Purchase Agreement and
the Official Statement.
United States Trust Company
of New York

You are hereby requested, authorized and ordered as Trustee
to authenticate the Bonds and as Warrant Agent to counter-
sign the Warrants, and when so authenticated and counter-
signed to deliver them, upon receipt of the documents and
opinions which together with this order constitute all the
conditions precedent to the delivery of the Bonds pursuant
to the Second General Bond Resolution and upon receipt of
payment of the amount of $97,375,000 (of which sum $500,000
was delivered on January 22, 1981 by us to you as the good
faith deposit for the purchase price of the Bonds), together
with accrued interest in the amount of $118,055.56 on the
Bonds from February 1, 1981 to the date hereof, to or in
accordance with the order of the Underwriters designated in
the Bond Purchase Agreement against the receipt of the
Underwriters therefor.

Very truly yours,

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

[Signature]

By (Title: Deputy Executive Director)
ORDER TO TRUSTEE AS TO AUTHENTICATION
AND DELIVERY OF SERIES 28 BONDS

February 5, 1981

United States Trust Company
of New York
45 Wall Street
New York, New York 10005

Gentlemen:

The Municipal Assistance Corporation For The City of New
York (the Corporation) will, on or before February 18, 1981,
deliver to you, as Trustee under the Second General Bond
Resolution adopted November 25, 1975, as amended and supplemented
(herein called the Second General Bond Resolution), by the
Corporation, $100,000,000 principal amount of Series 28
Bonds, dated February 1, 1981, in definitive form (the
Bonds), authorized, printed and executed pursuant to the
Second General Bond Resolution and the Series 28 Resolution
of the Corporation adopted January 21, 1981, and to be sold
and delivered pursuant to the Series 28 Resolution and the
Warrant Agreement, dated as of February 1, 1981, between you
and the Corporation (the Warrant Agreement), to the holders
of Warrants to purchase such Bonds (the Warrants) authorized
to be issued pursuant to a Warrant Resolution adopted January
21, 1981, which Warrants, when properly exercised, entitle
the holders thereof to purchase Bonds at the purchase price
specified in the Warrants.

You are hereby irrevocably requested, authorized and ordered
to authenticate on or prior to each Delivery Date (as defined
in the Warrant Agreement) to and including January 25, 1983,
upon receipt of Warrants properly exercised on or prior to
the Exercise Date (as defined in the Warrant Agreement)
immediately preceeding such Delivery Date, Bonds of an
aggregate principal amount equal to the principal amount of
Bonds purchased by the holders of such Warrants, and when so
authenticated to deliver such Bonds on or prior to such
Delivery Date, upon receipt of the documents and opinions
which together with this order constitute all the conditions
precedent to the delivery of such Bonds pursuant to the
Second General Bond Resolution, and upon receipt of payment of the purchase price for the such Bonds, to the Warrant Agent, against the receipt of the Warrant Agent therefor. The aggregate principal amount of Bonds to be authenticated and delivered in accordance with this order shall not exceed $100,000,000.

Very truly yours,

MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK

[Signature]

By

(Title: Deputy Executive Director)
CERTIFICATE OF THE DIRECTOR OF THE BUDGET
OF THE STATE OF NEW YORK

I, Howard F. Miller, Director of the Budget of the State of New York (the "State"), HEREBY CERTIFY as follows:

1. Responsible and knowledgeable officials of the Division of the Budget of the State under my supervision have reviewed the information contained in the Official Statement dated January 21, 1981 (the "Official Statement") of the Municipal Assistance Corporation For The City of New York under the section captioned "Certain Developments Affecting the State."

2. Such section of the Official Statement does not contain any untrue statement of a material fact concerning the State of New York or omit any statement of a material fact necessary to make the statements therein concerning the State, in light of the circumstances under which they were made, not misleading.

3. Such officials have also reviewed the information contained in the Official Statement under the section captioned "Payment of the Bonds-Per Capita Aid."

4. The numerical information concerning the amounts of the Per Capita Aid referred to in such section of the Official Statement and the footnotes which refer to such numerical information are true in all material respects and there are no material omissions, except that with respect to footnote (b) the amount of aid paid by the State in the State's 1978 fiscal year pursuant to section 54 of the State Finance Law was approximately $468 million although the amount payable out of the local assistance fund and paid to the Corporation was as stated.

Witness my signature this 5th day of February 1981.

[Signature]

Howard F. Miller
Director of the Budget of the State of New York
CERTIFICATION OF THE COMMISSIONER
OF TAXATION AND FINANCE

I, James H. Tully, Jr., Commissioner of Taxation and Finance of the State of New York, do HEREBY CERTIFY as follows:

I have reviewed the tabular data and footnotes set forth under the charts "Quarterly Collections of Sales and Compensating Use Taxes in the City" and "Quarterly Collections of Stock Transfer Tax" contained in the Official Statement of the Municipal Assistance Corporation for the City of New York, dated January 21, 1981, with respect to the Series 27 Bonds with warrants to purchase until January 18, 1983 Series 28 Bonds, as the same statement has been heretofore supplemented or amended as of the date hereof (the "Official Statement") under the sections captioned "Payment of the Bonds--Sales Tax" and "Payment of the Bonds--Stock Transfer Tax." Such tabular data and footnotes are accurate in all material respects and there are no material omissions.

This Certification constitutes my sole opinion and conclusion, and I express no opinion nor give certification with respect to any other portion of the Official Statement.

IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of February, 1981.

James H. Tully, Jr.
CERTIFICATE OF THE DIRECTOR OF MANAGEMENT AND BUDGET
OF THE CITY OF NEW YORK

Pursuant to Section 3(a)(6) of the Bond Purchase
Agreement Relating to the Series 27 Bonds With
Warrants to Purchase Series 28 Bonds

I, JAMES R. BRIGHAM, JR., Director of Management
and Budget of The City of New York (the "City"), on behalf
of the City and to the best of my knowledge and belief, do
HEREBY CERTIFY as follows:

1. I have reviewed the information contained in
the Official Statement relating to the Series 27 Bonds with
warrants to purchase Series 28 Bonds, dated January 21,
1981, of the Municipal Assistance Corporation For The City
of New York (the "Corporation") under the section captioned
"Part 9 -- Certain Developments Affecting the City." Cer-
tain of such information which is referred to in the para-
graphs numbered 2 through 10 of this certificate represents
certain public information contained in the official reports,
statements or other documents of the City, including a final
Official Statement issued October 16, 1980 by the City in
connection with the sale of $350 million aggregate principal
amount of its general obligation revenue anticipation notes.
Reference should be made to such official reports, state-
ments, Official Statement, or other documents for a more
complete explanation of such information.
2. The information set forth in such section under the subheading "Recent Financial History" to the effect that the City, after it lost access to the public credit markets, took a number of steps which were intended to enable it to balance its budget and to regain access to the public credit markets, including accounting reforms and development of a three-year financial plan (the "Three Year Financial Plan"), is accurate and not misleading in any material respect.

3. The information contained in such section under the subheading "Recent Financial History" to the effect that the City, among other actions, took steps to reduce the number of its employees, entered into labor contracts consistent with the assumptions contained in the Three Year Financial Plan and with the wage guidelines adopted by the Control Board (as defined in the Official Statement), began charging general tuition at the City University of New York, and received additional State and Federal aid, is accurate and not misleading in any material respect.

4. The information set forth in such section under the subheading "Recent Financial History" with respect to (a) the City's failure to regain access to the public credit markets during its 1978 fiscal year, (b) actions proposed by the City and others to provide for the City's long-term financing through the 1982 fiscal year and to enable the City to re-
enter the public credit markets, and (c) the results of those proposals, is accurate and not misleading in any material respect.

5. The information set forth in such section under the subheading "Recent Financial History" to the effect that (a) pursuant to the Act and the Emergency Act, the City is required to submit to the Control Board at least fifty days prior to the beginning of each fiscal year of the City a financial plan for the next four fiscal years, covering the City and certain agencies subject to the provisions of Emergency Act (the "covered organizations"), (b) the four year financial plan may be modified from time to time during the fiscal year upon request of the City and approval of the Control Board, and (c) the Emergency Act requires that the City provide for a budget balanced in accordance with State law through fiscal year 1981 and in accordance with GAAP thereafter, is accurate and not misleading in any material respect.

6. The information set forth in such section under the subheading "Fiscal Years 1981-1984" to the effect that (a) the City's four year financial plan for the 1981 through 1984 fiscal years, which was approved by the Control Board on September 18, 1980 (the "1981 Four Year Plan"), projects for fiscal 1981 revenues and expenditures of $13.695 billion
which includes the full costs of labor settlements with its municipal workers unions and is balanced according to GAAP one year earlier than required by State law, (b) the 1981 Four Year Plan projects a GAAP-balanced budget for fiscal year 1981, and potential budget gaps of $733 million, $1,259 million and $1,312 million in fiscal years 1982, 1983 and 1984, respectively, to be closed through a combination of actions to be implemented during the four year period, (c) for fiscal years 1982 through 1984, the Plan assumes substantial increases in real estate tax revenues as a result of increased real property assessments and an increased property tax rate, (d) the Plan also reflects wage increases of 3% for each of the 1983 and 1984 fiscal years, and (e) the projected gaps for fiscal years 1982 through 1984 do not include significant deficits which have been projected for the Transit Authority in fiscal years 1982 through 1984 and the Health and Hospitals Corporation for fiscal years 1983 and 1984, is accurate and not misleading in any material respect.

7. The information set forth in such section under the subheading "Fiscal Years 1981-1984" to the effect that (a) the City has proposed a combination of gap-closing actions which, if realized, would produce GAAP-balanced budgets in each of the 1982 through 1984 fiscal years, (b) these actions include further expenditure reductions, reve-
nue enhancement programs such as expansion of the scope of the Off Track Betting Corporation ("OTB") to include "sports betting" estimated to provide approximately $75 million each year, $32 million per year from accelerated payment of real estate taxes, debt service savings of $50 million per year, new State aid of $136 million, $209 million and $283 million for fiscal years 1982 through 1984, respectively, and new Federal aid of $200 million, $640 million and $710 million for each of those years, respectively, (c) the City has also proposed a contingency program consisting of increased taxes and further expenditure reductions totalling $200 million in fiscal year 1982, and $500 million in fiscal years 1983 and 1984, including receipt of additional State aid for the latter two years, and (d) in connection with the approval of the 1981 Four Year Plan, the City (i) provided an additional program of expenditure reductions which could, if necessary, be implemented in fiscal year 1981 to produce annual savings of $100 million in fiscal year 1982 and (ii) provided specific details of its $200 million contingency program for fiscal year 1982, is accurate and not misleading in any material respect.

8. The information set forth in such section under the subheading "Fiscal Years 1981-1984" to the effect that (a) on January 16, 1981, the City announced a financial
plan for fiscal years 1981 to 1985, which includes the pre-
liminary budget for fiscal 1982 and proposals for revisions
to the approved 1981 Four Year Plan, (b) on January 19,
1981, the City submitted to the Control Board a modifica-
tion of the 1981 Four Year Plan which reflects the proposed
revisions, (c) the modification reflects significantly
increased revenue projections for all four years over the
projections contained in the approved plan and projects
revenues and expenditures balanced according to GAAP for
fiscal years 1981 and 1982, including a budgeted general
reserve of $128 million for fiscal 1981, which creates the
potential for a GAAP surplus for that year, (d) the GAAP-
balanced budget projected for fiscal 1982 is subject to
the achievement of actions required to be undertaken to
eliminate a gap presently projected at $421 million for that
year, (e) the plan as modified provides additional funding
for increases in the City's workforce, largely within the
uniformed services, during each of the 1981 and 1982 fiscal
years, (f) for fiscal years 1983 and 1984, the modified plan
projects budget gaps of $723 million and $768 million,
respectively, after giving effect to gap-closing programs to
be achieved in fiscal 1982, representing a reduction of over
$500 million for each of those years from the budget gaps
projected in the approved 1981 Four Year Plan, (g) the
modification includes revised gap-closing programs consisting of various City, State and Federal actions, including the proposed assumption of Medicaid costs by the State, sufficient to close projected budget gaps for fiscal years 1983 and 1984, and (h) the modified 1981 Four Year Plan is subject to review and approval by the Control Board and may be revised prior to approval, is accurate and not misleading in any material respect.

9. The information set forth in such section under the subheading "Litigation" in relation to (a) the 1981 Four Year Plan containing provisions for the settlement of judgments and claims, other than real estate tax certiorari proceedings, in the amount of $65 million in each of the 1981 through 1984 fiscal years, (b) numerous real estate tax certiorari proceedings presently pending against the City on grounds of alleged overvaluation of assessed property, inequality of assessments and illegality of assessments and the possible impact on the City of an adverse decision involving these issues, (c) the City has reported that as of June 30, 1930, the estimated potential exposure to the City in these proceedings could amount to approximately $1.6 billion, (d) provision in the 1981 Four Year Plan for estimated adjustments for overpayments of real estate taxes in amounts of approximately $40 million annually in the 1981
through 1984 fiscal years, and (e) remedial legislation with respect to such liability and litigation challenging that legislation, is accurate and not misleading in any material respect.

10. The information set forth in such section under the subheading "Litigation" with respect to (a) the pending action challenging purchases of City bonds by the Teacher's Retirement System, and (b) the action challenging the State Department of Education's implementation of Federal regulations regarding the public education of children with learning disabilities, is accurate and not misleading in any material respect.

IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of February, 1981.

THE CITY OF NEW YORK

By

[Signature]
Director of Management and Budget
CERTIFICATE OF THE FIRST DEPUTY COMPTROLLER OF THE CITY OF NEW YORK

Pursuant to Section 3(a)(6) of the Bond Purchase Agreement Relating to the Series 27 Bonds With Warrants to Purchase Series 28 Bonds

I, MARTIN IVES, First Deputy Comptroller of The City of New York, do HEREBY CERTIFY as follows:

1. I have reviewed the information contained in the Official Statement relating to the Series 27 Bonds with warrants to purchase Series 28 Bonds, dated January 21, 1981, as the same may have been heretofore supplemented or amended, of the Municipal Assistance Corporation For The City of New York (the "Corporation") under the section captioned "PART 9 -- Certain Developments Affecting the City." Certain of such information, which is referred to in the paragraphs numbered 2 through 7 of this certificate, represents certain information contained in official reports, statements or other documents made public by the Office of the Comptroller of The City of New York (the "City"). Reference is made to such official reports, statements or other documents for a more complete explanation of such information.

2. The information set forth in such section under the subheading "Recent Financial History" to the effect that the State advanced $800 million to the City in each of the 1975 through 1978 City fiscal years is true and accurate.
3. The information set forth in such section under the subheading "Recent Financial History" to the effect that the accounting principles permitted by State law deviate from GAAP with respect to accounting for contributions to employee retirement systems and inclusion of certain expense items in the City's Capital Budget is true and accurate.

4. The information set forth in such section under the subheading "Recent Financial History" relating to provisions for seasonal and long-term financing for the City through June 30, 1978, as described, and to provision for the notes affected by the Moratorium Act (as defined in the Official Statement) is true and accurate.

5. The information set forth in such section under the subheading "Recent Financial History" with respect to the operating deficits reported in accordance with the accounting principles permitted by State law and estimated in accordance with GAAP for the 1976 and 1977 fiscal years and the results of the audit of the City's 1978 and 1979 financial statements is true and accurate.

6. The information set forth in such section under the subheading "Recent Financial History" with respect to the results of the audit of the City's 1980 financial statements and the opinion of the consortium of independent accounting firms is true and accurate.
7. The information set forth in such section under the subheading "Litigation" to the effect that the notes to the City's audited financial statements report certain information regarding outstanding claims against the City, and the City's estimated potential future liability thereon, is true and accurate.

IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of February, 1981.

[Signature]
First Deputy Comptroller
of The City of New York
21 January 1981

Honorable Edward V. Regan,
Comptroller
STATE OF NEW YORK/DEPARTMENT OF
AUDIT AND CONTROL
A. E. Smith Office Building
Albany, New York 12224

Dear Mr. Regan:

This letter is to request your approval of the sale by the Municipal Assistance Corporation For The City of New York of $100,000,000 of its Series 27 Bonds with Warrants to purchase $100,000,000 of Series 28 Bonds of the Corporation, and for the sale of up to $100,000,000 of the Corporation's Series 28 Bonds, to be issued pursuant to its Second General Bond Resolution. The Corporation's Preliminary Official Statement, dated January 15, 1981, relating to such sales has been provided for your information.

The Series 27 and 28 Bonds will bear interest at the rate of 10-5/8% per annum. The Series 27 Bonds with Warrants will be sold to a syndicate of underwriters at a net price of approximately 97.375% of par and will be reoffered by the underwriters at par. Series 28 Bonds will be sold at par to Warrantholders upon the exercise of their Warrants. As described in the Preliminary Official Statement, each Warrant will entitle its holder to purchase $5,000 in principal amount of Series 28 Bonds. The Warrants may be exercised at any time prior to their expiration on January 18, 1983. The principal amount of Series 28 Bonds actually issued will be determined by the number of Warrants exercised.

The Corporation is issuing the Series 27 Bonds in order to provide for payment of approximately $83 million of the net proceeds of the sale to the City of New York, through the purchase of a similar principal amount of bonds of the City upon certification by the Mayor of the City that such payment is required to pay for items currently permitted to be included in the City's capital budget. The balance of the net proceeds will be deposited in the Capital Reserve Aid Fund established pursuant to the Second General Bond Resolution. The proceeds from the sale of the Series 28 Bonds are expected to be used for purposes similar to those of the Series 27 Bond proceeds.
The Series 27 and 28 Bonds are comprised of Term Bonds, each series aggregating $100,000,000 and maturing July 1, 2006 and July 1, 2007, respectively. Both the Series 27 and Series 28 Bonds are callable at the option of the Corporation on and after July 1, 1991, at an initial redemption price of 102% of par plus accrued interest to the date or redemption. The Series 27 and 28 Bonds are also subject to redemption from mandatory sinking fund instalments. The optional redemption and sinking fund provisions are more fully described in the Preliminary Official Statement.

We request your approval of the sales of the Series 27 Bonds with Warrants and the Series 28 Bonds and of the terms thereof pursuant to Section 3012(1)(e) of the Municipal Assistance Corporation Act, as amended. We further request your approval, pursuant to Section 3013(4) of the Municipal Assistance Corporation Act, as amended, of the system of accounts of the Corporation to the extent the same are prescribed in the Second General Bond Resolution of the Corporation, adopted November 25, 1975, and the Series 27 and Series 28 Resolutions of the Corporation, adopted January 21, 1981.

Your approval is respectfully requested.

Sincerely,

Heather D. Ruth
Executive Director

HLR:jar
Enclosure

The sales of the above described Series 27 Bonds with Warrants and Series 28 Bonds of the Municipal Assistance Corporation For The City of New York upon the terms above described and system of accounts of the Corporation to the extent the same are prescribed in the Second General Bond Resolution and the Series 27 and Series 28 Bond Resolutions of the Corporation, are hereby approved.

Edward V. Regan, Comptroller of The State of New York

Dated: January 21, 1981
February 5, 1981

To the Board of Directors of
Municipal Assistance Corporation
For The City of New York
and
Representatives of the Underwriters
referred to in the Official Statement
described herein

Dear Sirs:

We have examined the financial statements of Municipal Assistance Corporation For The City of New York (the "Corporation") as of June 30, 1980, and for the year then ended (the "Financial Statements"), included in the Official Statement of the Corporation dated January 21, 1981 for the Series 27 Bonds with Warrants to purchase the Series 28 Bonds (the "Official Statement"); our report with respect thereto is also included in such Official Statement. In connection with the Official Statement, we hereby advise you as follows:

1. We are independent public accountants for the Corporation and as such have examined the Corporation's Financial Statements for the year ended June 30, 1980 and expressed our opinion thereon dated July 28, 1980. We have not examined any financial statements of the Corporation as of any date or for any period subsequent to June 30, 1980; although we have made an examination for the year ended June 30, 1980, the purpose (and therefore the scope) of such examination was to enable us to express our opinion on the financial statements as of June 30, 1980 and for the year then ended. Therefore, we are unable to and do not express any opinion on the unaudited Statement of Financial Position as of September 30, 1980, the related unaudited Debt Service, Capital Reserve or Operating Fund Statements of Transactions or schedules for the three-month period ended September 30, 1980, included in the Official Statement; or on the financial position, transactions or schedules as of any date or for any period subsequent to June 30, 1980.
To the Board of Directors of
Municipal Assistance Corporation
For The City of New York
and
Representatives of the Underwriters
referred to in the Official Statement
described herein

February 5, 1981

2. For purposes of this letter we have performed the following procedures:

A. We have read the Official Statement and the minutes of the meetings of the Board of Directors of the Corporation for the period commencing July 1, 1980 and ending on February 2, 1981, as set forth in the minute books or made available to us in draft form at the offices of the Corporation on February 2, 1981. (Our work did not extend to the period from February 3, 1981 to February 5, 1981.) Officials of the Corporation have advised us that such minutes represent minutes of all such meetings for such period.

B. We have, with respect to the three-month period ended September 30, 1980:

(i) Read the unaudited Statement of Financial Position as of September 30, 1980 and unaudited Debt Service Fund, Capital Reserve Fund and Operating Fund Statements of Transactions for the three-month period ended September 30, 1980 and Exhibits I, II and III thereto, officials of the Corporation having advised us that no such approved financial statements as of any date or for any period subsequent to September 30 were available; and

(ii) Made inquiries of certain officials of the Corporation who have responsibility for financial and accounting matters as to whether the unaudited financial statements referred to under 2B(i) are presented fairly in conformity with generally accepted accounting principles on a basis substantially consistent with that of the Financial Statements included in the Official Statement.

The foregoing procedures do not constitute an examination made in accordance with generally accepted auditing standards. Also, they would not necessarily reveal matters of significance with respect to the comments in the following paragraph. Accordingly, we make no representation as to the sufficiency of the foregoing procedures for your purposes.

3. Nothing came to our attention as a result of the procedures described in 2, however, that caused us to believe that the unaudited financial statements described in 2B(i), included in the Official Statement, are not presented fairly in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the Financial Statements.

Price
Waterhouse & Co.
To the Board of Directors of
Municipal Assistance Corporation
For The City of New York
and
Representatives of the Underwriters
referred to in the Official Statement
described herein

- 3 - February 5, 1981

4. As mentioned in 2B(i), Corporation officials have advised us that no approved financial statements as of any date or for any period subsequent to September 30, 1980 are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after September 30, 1980 have, of necessity, been even more limited than those with respect to the period referred to in 2B. With respect to the period from October 1, 1980 to February 2, 1981, we have made inquiries of certain officials of the Corporation who have responsibility for financial and accounting matters as to whether (i) there has been any increase in total bonds and notes payable of the Corporation, (ii) the amount of the Debt Service Fund assets was less than the amount certified by the Chairman of the Corporation as necessary to be in such Fund and (iii) the amount of the Capital Reserve Fund was less than the amount certified by the Chairman of the Corporation as required by the Municipal Assistance Corporation For The City of New York Act, as amended (the "Act"), to be in such Fund.

On the basis of these inquiries and our reading of the minutes as described in 2A, nothing came to our attention as of February 2, 1981 that caused us to believe that: (i) there was any increase in the total bonds and notes payable of the Corporation, except for increases which are disclosed in the Financial Statements or the Official Statement, (ii) the amount of the Debt Service Fund assets was less than the amount certified by the Chairman of the Corporation as necessary to be in such Fund or (iii) the amount of the Capital Reserve Fund was less than the amount certified by the Chairman of the Corporation as required by the Act to be in such Fund.

5. In addition to the examination of the Financial Statements and the limited procedures described above, we have, for the purposes of this letter, and at your request, read and performed the following procedures with respect to the table entitled "Debt Service Payment Requirements and Estimated Coverage Ratios" (the "Table") which appears on page 22 of the Official Statement:

A. We compared the amounts of total debt service on First Resolution Bonds for each year set forth in column 1 of the Table to amounts shown in the first column of Exhibit III to the Financial Statements, appearing on page F-11 of the Official Statement, and found them to be in agreement.
B. With respect to the data set forth in column 4 of the Table, we reviewed an unaudited calculation sheet which showed the addition of the pro forma debt service payment amounts on the Series 25, 26, 27 and 28 Bonds for each year to the Corporation's existing Second Resolution debt service payment requirements for each year, as shown in the fourth column of the table appearing on page 16 of the Corporation's Official Statement for the Series 24 Bonds assuming, for the purposes of such calculations, the maturity, interest and redemption provisions set forth or referred to on the cover page of the Official Statement for the Series 27 and 28 Bonds (assuming the issuance of $100 million principal amount of Series 28 Bonds on February 25, 1981) and assuming the maturity, interest and redemption provisions set forth in the respective Series Resolutions for the Series 25 and 26 Bonds. Such addition appears to be correctly applied to the debt service amounts.

C. With respect to the data set forth in column 5 of the Table, we divided the total of all revenues including the total of the Aggregate Sales and Stock Transfer Taxes and Adjusted Per Capita Aid appearing on page 21 of the Official Statement (which revenue amounts have been reduced by $6.4 million, representing the Corporation's current estimate of its operating expenses for the fiscal year ending June 30, 1981) less the debt service amounts appearing in column 1 of the Table, by the corresponding debt service amount in column 4 for the years 1982 through 1995 and found such ratios to be correct.

D. With respect to the coverage ratios set forth in the paragraph immediately following the Table, we reviewed an unaudited calculation sheet showing the division of the total of all revenues, referred to in 5C above, by the total of each year's debt service amount appearing in columns 1 and 4 of the Table and found the range of coverage for the years 1982 through 1995 stated in such paragraph to be correct.

E. With respect to the average coverage ratio stated in such paragraph, we reviewed an unaudited calculation sheet showing the addition of the coverage ratios for the years 1982 through 1995, referred to in 5D above, divided by the number of ratios included in the addition, and found the average of such ratios to be correct.
To the Board of Directors of
Municipal Assistance Corporation
For The City of New York
and
Representatives of the Underwriters
referred to in the Official Statement
described herein

- 5 - February 5, 1981

The procedures referred to above do not constitute an examination made in accordance with generally accepted auditing standards. Also, such procedures would not necessarily reveal matters of significance with respect to the comments in such paragraphs. Accordingly, we make no representations as to questions of legal interpretation or as to the sufficiency of such procedures for your purposes. Further, we have addressed ourselves solely to the foregoing data as set forth in the Official Statement and make no representation as to whether additional information may be required to be set forth in the Official Statement to render such data not misleading.

6. This letter is solely for the information of the Board of Directors of the Corporation and for the information of and assistance to the Underwriters in conducting and documenting their review of the affairs of the Corporation in connection with the mailing of its Official Statement. This letter is not to be used, circulated, quoted or otherwise referred to within or without the underwriting group for any other purpose, nor is it to be filed with or referred to in whole or in part in the Official Statement or any other document, except the Bond Purchase Agreement between the Corporation and the Underwriters and related closing documents.

Yours very truly,

[Signature]

Price Waterhouse & Co.
I, STEPHEN J. WEINSTEIN, Secretary of the Municipal Assistance Corporation For The City of New York (the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (the "State"), constituting a public benefit corporation created and existing under and pursuant to the Constitution and statutes of the State, including the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended (the "Act"), HEREBY CERTIFY as follows:

1. That I am the duly appointed and qualified Secretary of the Corporation, acting as such, and in such capacity I am familiar with its organization, membership and activities.

2. That the members of the Board of Directors of the Corporation (the "Board"), their Corporation offices, if any, and the dates of the expiration of their terms are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Corporation Office</th>
<th>Date of Expiration of Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Felix G. Rohatyn</td>
<td>Chairman</td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Edward M. Kresky</td>
<td>Vice Chairman</td>
<td>December 31, 1981</td>
</tr>
<tr>
<td>Francis J. Barry</td>
<td></td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Kenneth J. Bialkin</td>
<td></td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>George M. Brooker</td>
<td></td>
<td>December 31, 1977 (1)</td>
</tr>
<tr>
<td>Eugene J. Keilin</td>
<td></td>
<td>December 31, 1982</td>
</tr>
<tr>
<td>Dick Netzer</td>
<td></td>
<td>December 31, 1983</td>
</tr>
<tr>
<td>Andrew P. Steffan</td>
<td></td>
<td>December 31, 1980 (1)</td>
</tr>
<tr>
<td>Robert C. Weaver</td>
<td></td>
<td>December 31, 1980 (1)</td>
</tr>
</tbody>
</table>

(1) Holdover pursuant to law.
3. That each of the said persons named in paragraph
2 is the duly elected or appointed, designated, qualified
and acting Director of the Corporation holding the
office, if any, indicated above.

4. That the firm of Paul, Weiss, Rifkind, Wharton
& Garrison, New York, New York, was appointed General
Counsel to the Corporation on June 10, 1975.

5. That the seal of the Corporation, an impression
of which appears below, was duly adopted by the Corporation
as its official seal, and is the legally adopted,
proper and only official seal of the Corporation.

6. That the By-Laws of the Corporation adopted
April 7, 1978, as amended March 28, 1979, are in full
force and effect on the date hereof and have not been
repealed, modified or amended.

7. That except as set forth in the final Official
Statement dated January 21, 1981, attached to the
Record of Proceedings as document no. 1 and by this
reference made a part hereof, there is no action, suit,
proceeding or investigation at law or in equity before
or by any court or public board or body pending (or to
the best of the knowledge of the Corporation threatened)
against the Corporation or (to the best of the knowledge
of the Corporation, no independent investigation having
been made) any other person, wherein an unfavorable
decision, ruling or finding might in any material
respect adversely affect the transactions contemplated
by the Bond Purchase Agreement attached to the Record
of Proceedings as document no. 3 (the "Agreement"), the issuance of the $100,000,000 Series 27 Bonds (the "Series 27 Bonds"), the issuance of the $100,000,000 Series 28 Bonds (the "Series 28 Bonds") or the execution and delivery of the Warrants to purchase Series 28 Bonds (the "Warrants"), or which in any way might adversely affect provisions for the payment of principal, premium, if any, or interest on the Series 27 or 28 Bonds or the validity of the Series 27 and 28 Bonds, the Warrants, the Resolutions (as defined below), the Warrant Resolution (as defined below), the Agreement, the Warrant Agreement (as defined below), or any agreement or instrument to which the Corporation is a party which is required in connection with the issuance of the Series 27 or 28 Bonds, or the execution and delivery of the Warrants.

8. That the Second General Bond Resolution of the Corporation adopted November 25, 1975, as amended and supplemented (the "Second General Bond Resolution"), and the Series 27 and Series 28 Resolutions of the Corporation adopted January 21, 1981 (the three such resolutions being hereinafter called the "Resolutions"), attached to the Record of Proceedings as documents nos. 5, 6 and 7, copies of which are being delivered contemporaneously herewith to the Trustee named in such Resolutions, which I hereby certify pursuant to Section 202 of the Second General Bond Resolution, are true and correct copies of the duly adopted originals thereof in their entireties on file and of record in the principal
office of the Corporation and that the same are in full force and effect on the date hereof and have not been repealed, modified or amended.

9. That the resolution of the Corporation adopted January 21, 1981 (the "Warrant Resolution") authorizing the execution of the warrant agreement (the "Warrant Agreement") dated as of February 1, 1981, with United States Trust Company of New York, as Warrant Agent, and execution and delivery of the Warrants, attached to the Record of Proceedings as document no. 8 is a true and correct copy of the duly adopted original thereof in its entirety on file and of record in the principal office of the Corporation and that the same is in full force and effect on the date hereof and has not been repealed, modified or amended.

10. That the Extract of the Minutes of the Meeting of the Corporation attached to the Record of Proceedings as document no. 4 is a true and correct copy of the duly adopted original thereof on file and of record in the principal office of the Corporation and that the same is in full force and effect on the date hereof and has not been repealed, modified or amended.

11. That the specimens of the Series 27 and 28 Bonds, and the Warrants, attached hereto as Exhibit A, are identical in all respects, except as to number, and, with respect to the Series 27 and 28 Bonds, except as to denomination, and name of registered owner, with the Series 27 Bonds and the Warrants this day delivered to the Purchasers referred to in the Series 27 Resolution
(the "Purchasers") and the Series 28 Bonds to be delivered upon the exercise of Warrants, and said specimens are substantially in the forms required by the Resolutions and the Warrant Agreement.

WE, FELIX G. ROHATYN and STEPHEN J. WEINSTEIN, Chairman and Secretary, respectively, of the Corporation, HEREBY CERTIFY as follows:

1. That the Series 27 Bonds and Warrants delivered to the Purchasers on this date and the Series 28 Bonds, specimens of each of which are attached hereto, and which Series 27 and 28 Bonds and Warrants are more fully described in the Resolutions, and the Warrant Agreement, have been duly and completely executed in the name of the Corporation and on its behalf by the affixing thereon of the facsimile signature of Felix G. Rohatyn, Chairman of the Corporation, who did and does hereby adopt such signature, and the affixing thereon of a facsimile of the official seal of the Corporation attested to by the facsimile signature of Stephen J. Weinstein, Secretary of the Corporation, who did and does hereby adopt such signature.

2. That at the time of the signing and execution of the Series 27 and 28 Bonds and the Warrants and on the date hereof, Felix G. Rohatyn was and is the duly chosen, qualified and acting Chairman of the Corporation authorized to execute the Series 27 and 28 Bonds and the Warrants.

3. That a facsimile of the seal, an impression of which appears below, has been imprinted on the Series 27
and 28 Bonds and the Warrants, and it is the legally adopted, proper and only official corporate seal of the Corporation.

4. That the Corporation is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolutions or the General Bond Resolution adopted by the Corporation on July 2, 1975, as amended and supplemented (the "First General Bond Resolution").

5. That (a) the maximum amount of principal and interest maturing or otherwise becoming due in the current or any succeeding Fiscal Year on any outstanding obligations issued pursuant to the First General Bond Resolution and the Outstanding Note Resolutions is $358,064,662; (b) the aggregate amount of principal on Serial Bonds, the Sinking Fund Installments, maturities of Term Bonds not required to be paid from Sinking Fund Installments and interest on all Outstanding Bonds, including the Series 27 and 28 Bonds, for each Fiscal Year is as set forth in Exhibit B attached hereto; and (c) the aggregate estimated amount of Operating Expenses for the current Fiscal Year is $6,400,000. (All defined terms in this paragraph number 5 are defined in the Second General Bond Resolution).

6. That the aggregate of (i) the amount set forth in the Certificate of the New York State Commissioner of Taxation and Finance, a copy of which is attached to the Record of Proceedings as document no. 19, as
representing the Sales Tax and Stock Transfer Tax, and (ii) the amount set forth in the certificate attached to the Record of Proceedings as document no. 20, as representing the actual amount of Per Capita Aid apportioned and paid into the Special Aid Account after deducting (iii) the aggregate amount set forth in paragraphs 5(a) and 5(c) herein, will be at least 2.0 times the aggregate amount set forth in paragraph 5(b) herein, for each Fiscal Year set forth pursuant to paragraph 5(b) herein.

7. That each of the representations of the Corporation set forth in Section 1 of the Agreement is true, accurate and complete in all material respects as though made with respect to and as of the date hereof.

8. That each of the agreements set forth in Section 1 of the Agreement to be complied with at or prior to the delivery of the Series 27 Bonds and the Warrants on the date hereof has been complied with as of the date hereof.


10. That with regard to any representations, agreements or descriptions with respect to the final Official Statement, this certificate is based on the final Official Statement as the same may have been heretofore supplemented or amended as of the date hereof.
11. That the Corporation has not issued any Bonds, Notes or Other Obligations which would cause the aggregate amount of principal on Serial Bonds, the Sinking Fund Installments, maturities of Term Bonds not required to be paid from Sinking Fund Installments and interest on all Outstanding Bonds, and the principal of and interest on Notes and the interest on Other Obligations to be paid in any one Fiscal Year to exceed four hundred twenty-five million dollars. (All defined terms in this paragraph number 11 are defined in the First General Bond Resolution.)

IN WITNESS WHEREOF, we have hereunto set our hands and the seal of the Corporation this 5th day of February, 1981.

Signature

[Signature]

Official Title

Chairman

Term of Office Expires

December 31, 1983

[SEAL]

Secretary

Indefinite

I HEREBY CERTIFY that the signatures of the Officers of the Municipal Assistance Corporation For The City of New York, which appear above are true and genuine and that I know said officers and know them to hold said offices set opposite their signatures.

Signature

[Signature]

Title

'ASST. VICE PRESIDENT

Name of Bank

United States Trust Company of New York
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
CUSIP 626190 FX 5

10 1/2% SERIES 27 BOND
DATED FEBRUARY 1, 1981
PRINCIPAL DUE JULY 1, 2008

SUBJECT TO PRIOR REDEMPTION ON AND AFTER JULY 1, 1991
AS HEREIN PROVIDED

INTEREST PAYABLE
JULY 1, 1981
AND semi-annually thereafter on JANUARY 1 AND JULY 1

PRINCIPAL AND INTEREST PAYABLE AT THE CORPORATE TRUST OFFICE OF THE CHASE MANHATTAN BANK, NATIONAL ASSOCIATION (IN THE BOROUGH OF MANHATTAN, CITY AND STATE OF NEW YORK) OR, AT THE OPTION OF THE HOLDER AT THE CORPORATE TRUST OFFICE OF BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION IN THE CITY AND COUNTY OF SAN FRANCISCO STATE OF CALIFORNIA.

THE PRINCIPAL OF THE BOND, IF REGISTERED, IS PAYABLE ONLY AT
CORPORATE TRUST OFFICE OF UNITED STATES TRUST COMPANY OF NEW YORK TRUSTEE IN THE BOROUGH OF MANHATTAN CITY AND STATE OF NEW YORK
The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations (additional abbreviations may also be used throughout in the following):

TEN COM—tenants in common
TEN ENT—as tenants by the entirety
JT TEN—as joint tenants with right of survivorship and not as tenants in common

FOR VALUE received the undersigned hereby sells, assigns and transfers unto

Please Print or Typewrite Name and Address of Transferee

the within Series 27 Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

to transfer the within Series 27 Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Series 27 Bond in every particular, without alteration or enlargement or any change whatever.
The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations (additional abbreviations may also be used though not in the following list):

TEN COM—as tenants in common

TEN ENT—as tenants by the entirety

J T TEN—as joint tenants with right of survivorship and not as tenants in common

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

[Signature]

Please Print or Typewrite Name and Address of Transferee

the within Series 28 Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints

[Signature]

Attorney

for the purpose of registering the transfer on the books of the Corporation, to transfer the within Series 28 Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated:

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Series 28 Bond in every particular, without alteration or enlargement or any change whatever.
ELECTION TO PURCHASE

(The undersigned hereby irrevocably elects to exercise the rights, represented by this Warrant Certificate, to purchase $5,000 principal amount of the 10.00% Series 28 Bonds due July 1, 2007 of the Municipal Assistance Corporation for the City of New York and hereby tenders payment for such Series 28 Bonds (payable by certified check or official bank check or by bank wire transfer in immediately available funds, to United States Trust Company of New York, as Warrant Agent), in the amount of the Purchase Price as set forth below, in accordance with the terms hereof. The undersigned requests a Series 28 Bond:

- In coupon form payable to bearer
- In coupon form registered as to principal to

Name(s) (Please Print)  
Address

- In fully registered form as to principal and interest to

Name(s) (Please Print)  
Address

If this Warrant Certificate is being exercised along with other Warrant Certificate(s) by the same holder(s), and the holder(s) wish the Series 28 Bond(s) to be delivered in registered form in a denomination other than $5,000, please indicate below the denomination(s) of the Series 28 Bond(s) to be so delivered, along with the number(s) of the other Warrant Certificate(s) being exercised:

Denomination(s)  
Warrant Certificate Number(s)  

The Series 28 Bond(s) will be mailed to the address appearing below, unless the box “Window Pick-up” is completed, in which case they shall be held for pick-up at the United States Trust Company of New York at the addresses set forth below.

Dated:  
Name(s):  
Address

(Window Pick-up)

If Series 28 Bonds are to be picked up by hand at United States Trust Company of New York, check this box.  

Date:  
By  
(Signature)

Date:  
By  
(Signature)

This Warrant Certificate may be exercised at the following addresses:

By hand or mail through June 30, 1981, at United States Trust Company of New York, Corporate Trust and Agency Services, 130 John Street, New York, New York 10038; and on or after July 1, 1981, at United States Trust Company of New York, Corporate Trust and Agency Services, 45 Wall Street, New York, New York 10005.

PURCHASE PRICE

The following table sets forth the amount of the payment which must be tendered with this Warrant Certificate, which is comprised of $5,000 plus accrued interest in accordance with the terms hereof:

<table>
<thead>
<tr>
<th>Dates of Exercise</th>
<th>Purchase Price Per $5,000 Series 28 Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 5, 1981 to February 18, 1981</td>
<td>$5,035.42</td>
</tr>
<tr>
<td>February 19, 1981 to March 18, 1981</td>
<td>5,079.69</td>
</tr>
<tr>
<td>March 19, 1981 to April 20, 1981</td>
<td>5,123.96</td>
</tr>
<tr>
<td>April 21, 1981 to May 18, 1981</td>
<td>5,168.23</td>
</tr>
<tr>
<td>May 19, 1981 to June 15, 1981</td>
<td>5,212.60</td>
</tr>
<tr>
<td>June 16, 1981 to July 20, 1981</td>
<td>5,056.42</td>
</tr>
<tr>
<td>July 21, 1981 to August 18, 1981</td>
<td>5,079.69</td>
</tr>
<tr>
<td>August 19, 1981 to September 19, 1981</td>
<td>5,123.96</td>
</tr>
<tr>
<td>September 20, 1981 to October 19, 1981</td>
<td>5,168.23</td>
</tr>
<tr>
<td>October 20, 1981 to November 19, 1981</td>
<td>5,212.60</td>
</tr>
<tr>
<td>November 20, 1981 to December 18, 1981</td>
<td>5,256.77</td>
</tr>
<tr>
<td>December 19, 1981 to January 18, 1982</td>
<td>5,035.42</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dates of Exercise</th>
<th>Purchase Price Per $5,000 Series 28 Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 19, 1982 to February 18, 1982</td>
<td>$5,079.69</td>
</tr>
<tr>
<td>February 19, 1982 to March 18, 1982</td>
<td>5,123.96</td>
</tr>
<tr>
<td>March 19, 1982 to April 19, 1982</td>
<td>5,168.23</td>
</tr>
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<td>April 20, 1982 to May 18, 1982</td>
<td>5,212.60</td>
</tr>
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<td>5,256.77</td>
</tr>
<tr>
<td>December 19, 1982 to January 18, 1983</td>
<td>5,035.42</td>
</tr>
</tbody>
</table>
MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

DEBT SERVICE PAYMENT REQUIREMENTS BY FISCAL YEAR

SECOND RESOLUTION AFTER SERIES 27 AND SERIES 28

(In Thousands of Dollars)

<table>
<thead>
<tr>
<th>FY</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>70,150</td>
<td>365,371</td>
<td>435,521</td>
</tr>
<tr>
<td>1983</td>
<td>97,245</td>
<td>360,549</td>
<td>457,794</td>
</tr>
<tr>
<td>1984</td>
<td>138,880</td>
<td>350,932</td>
<td>489,812</td>
</tr>
<tr>
<td>1985</td>
<td>184,495</td>
<td>337,251</td>
<td>521,746</td>
</tr>
<tr>
<td>1986</td>
<td>212,220</td>
<td>320,242</td>
<td>532,462</td>
</tr>
<tr>
<td>1987</td>
<td>229,815</td>
<td>301,316</td>
<td>531,131</td>
</tr>
<tr>
<td>1988</td>
<td>230,220</td>
<td>281,806</td>
<td>512,026</td>
</tr>
<tr>
<td>1989</td>
<td>232,390</td>
<td>262,485</td>
<td>494,875</td>
</tr>
<tr>
<td>1990</td>
<td>251,285</td>
<td>242,383</td>
<td>493,668</td>
</tr>
<tr>
<td>1991</td>
<td>266,815</td>
<td>220,816</td>
<td>487,631</td>
</tr>
<tr>
<td>1992</td>
<td>287,100</td>
<td>197,751</td>
<td>484,851</td>
</tr>
<tr>
<td>1993</td>
<td>314,960</td>
<td>172,820</td>
<td>487,780</td>
</tr>
<tr>
<td>1994</td>
<td>154,280</td>
<td>153,279</td>
<td>307,559</td>
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<tr>
<td>1995</td>
<td>183,800</td>
<td>138,693</td>
<td>322,493</td>
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<tr>
<td>1996</td>
<td>202,520</td>
<td>121,827</td>
<td>324,347</td>
</tr>
<tr>
<td>1997</td>
<td>172,290</td>
<td>105,446</td>
<td>277,736</td>
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<tr>
<td>1998</td>
<td>88,210</td>
<td>93,939</td>
<td>182,149</td>
</tr>
<tr>
<td>1999</td>
<td>92,735</td>
<td>85,818</td>
<td>178,553</td>
</tr>
<tr>
<td>2000</td>
<td>118,340</td>
<td>76,440</td>
<td>194,780</td>
</tr>
<tr>
<td>2001</td>
<td>77,645</td>
<td>67,587</td>
<td>145,232</td>
</tr>
<tr>
<td>2002</td>
<td>67,665</td>
<td>60,913</td>
<td>128,578</td>
</tr>
<tr>
<td>2003</td>
<td>73,510</td>
<td>54,565</td>
<td>128,075</td>
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<tr>
<td>2004</td>
<td>79,285</td>
<td>47,704</td>
<td>126,989</td>
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<tr>
<td>2005</td>
<td>85,565</td>
<td>40,312</td>
<td>125,877</td>
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<tr>
<td>2006</td>
<td>92,405</td>
<td>32,344</td>
<td>124,749</td>
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<tr>
<td>2007</td>
<td>99,860</td>
<td>23,748</td>
<td>123,608</td>
</tr>
<tr>
<td>2008</td>
<td>107,985</td>
<td>14,467</td>
<td>122,452</td>
</tr>
<tr>
<td>2009</td>
<td>109,605</td>
<td>4,824</td>
<td>114,429</td>
</tr>
</tbody>
</table>
STATE OF NEW YORK
DEPARTMENT OF
TAXATION AND FINANCE
ALBANY, N.Y. 12227

JAMES H. TULLY, JR.
COMMISSIONER OF TAXATION AND FINANCE
PRESIDENT TAX COMMISSION

CERTIFICATE OF THE COMMISSIONER
OF TAXATION AND FINANCE

I, James H. Tully, Jr., Commissioner of Taxation and Finance
of the State of New York, do HEREBY CERTIFY as follows:

A. Reference is made to the Second General Bond Resolution
(the "Resolution") adopted November 25, 1975 by the
Municipal Assistance Corporation for the City of New
York (the "Corporation"). All terms defined in the
Resolution are used in this certificate with the meanings
ascribed to them at the indicated page in the Resolution.

B. 1. The most recent collections for the twelve (12)
consecutive calendar months ended December 31, 1980
of the Sales Tax (p. 4) after deduction of cost
of administering, collecting and distributing
such tax was

\[ \$1,206,605,316 \]

2. The most recent collections for the twelve (12)
consecutive calendar months ended December 31, 1980
of the Stock Transfer Tax (p. 5) after deduction
of cost of administering, collecting and distribu-
ting such tax was

\[ \$576,140,411 \]

3. The most recent collections for the twelve (12)
consecutive calendar months ended December 31, 1980
of other taxes which, as of the date hereof, are
levied and collected by New York State and are
payable into the Special Account in the Municipal
Assistance Tax Fund described in section 92-d of
the State Finance Law established for the Corpora-
tion was

\[ \$0 \]

Total of \[ \$1,782,745,726 \]
C. The total amount of $1,782,745,726 for the twelve (12) consecutive calendar months ended December 31, 1980 as set forth in Paragraph D above (taking into account, among other factors, those factors set forth in Paragraph D below), is less than the revenues expected by me, taking into account the statements set forth in Paragraph D below, for the next succeeding twelve (12) consecutive calendar months from the Sales Tax and Stock Transfer Tax.

D. While the undersigned believes that it is not presently possible to predict the effect of a future material adverse change in the economic and/or financial conditions of the State of New York and/or the City of New York upon the Sales Tax and Stock Transfer Tax revenue the undersigned, as of this date, has no reasonable basis upon which to form a conclusion that the total revenues for the next succeeding twelve (12) consecutive calendar months commencing January 1, 1981 from the Sales Tax and Stock Transfer Tax will be less than $1,782,745,726.

E. With respect to Sales Tax collection for the twelve (12) consecutive calendar months ended December 31, 1980, several factors which occasioned a change in the pattern of revenue flow from and distribution of Sales Tax during the period should be noted. Such factors include the requirement of monthly filing by certain large vendors, an authorized method of monthly payments on a historical basis and distribution of Sales Tax on such basis.

Commencing March 1976, in addition to regular quarterly reporting, a monthly sales tax report and remittance was required from certain large vendors, i.e., all vendors with taxable receipts of $300,000 or more in any quarter of the preceding four quarters. Such vendors are also required to make an estimated payment of Sales Tax liability for the month of March by the twentieth (20th) day thereof. In filing and making such monthly report and remittance, such large vendors may estimate sales tax liability for certain months based upon historical experience rather than upon actual sales tax liability for such months. Moreover,
commencing March 1976, Sales Tax distribution to the Special Tax Account of the Corporation is made upon a historical rather than upon an actual basis and commencing June 1, 1980, a greater consideration is given to current unverified vendor quarterly collection data in making distribution for a quarterly period. As a consequence, in order to reflect actual experience, adjustments to subsequent distributions to such Special Account will be required to be made from time to time during the twelve (12) consecutive calendar months commencing January 1981. Overdistributions were made to the Special Account which ranged from $492,723 to $11,122,699 for certain three-month periods. The State Department of Taxation and Finance has made reductions in subsequent distributions to the Special Account to reflect these overpayments and, in addition, has made increases in distributions commencing January 1976 in approximate amounts ranging from $750,000 to $7.2 million to reflect under-distributions for certain prior periods. The statements herein do not purport to be a full and complete statement of existing law and its effect and reference is made to Chapter 89 of the Laws of 1976 and all amendments thereto.

In addition, legislation (Chapter 878 of the Laws of 1977) with respect to the Stock Transfer Tax alters the pattern of flow of Stock Transfer Tax moneys into the Stock Transfer Tax fund. However, it is not expected, at the present time, that such legislation or the implementation of a nationwide market system in securities pursuant to Congressional mandate and Securities and Exchange Commission rules would occasion a change in my expectations set forth in Paragraph C above.

IN WITNESS WHEREOF, I have hereunto set my hand on this 5th day of February 1981.

JAMES H. TULLY, JR.

To: United States Trust Company of New York as Trustee under the Resolution (as defined above).
CERTIFICATE OF THE DIRECTOR OF THE BUDGET
OF THE STATE OF NEW YORK

I, Howard F. Miller, Director of the Budget of the State of New York, do HEREBY CERTIFY as follows:

The estimated amount of per capita aid payable to The City of New York pursuant to Section 54 of the State Finance Law, as amended, available to be apportioned and paid into the Special Aid Account of the Municipal Assistance Corporation For The City of New York in the Municipal Assistance State Aid Fund established pursuant to Section 92-e of the State Finance Law for the fiscal year of the State ending March 31, 1981, was $484,036,000.00.

IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of February, 1981.

[Signature]

Howard F. Miller
Director of the Budget of the State of New York
Municipal Assistance Corporation For The City of New York
Series 27 Bonds

I. GENERAL

1.1. I, Steven J. Kantor, Treasurer of the Municipal Assistance Corporation For The City of New York (the "Corporation"), HEREBY CERTIFY with respect to the Corporation's $100,000,000 Series 27 Bonds (the "Bonds") With Warrants (the "Warrants", together the "Units"), which are being issued and delivered on the date of this certificate pursuant to a general bond resolution of the Corporation dated November 25, 1975 (the "Second Resolution"), a series resolution adopted January 21, 1981, and a warrant resolution adopted January 21, 1981, as follows:

1.2. I am an officer of the Corporation charged with the responsibility for issuing the Units.

1.3. This certificate is made for the purpose of establishing the reasonable expectations of the Corporation as to the amount and use of the proceeds of the Units. It is intended and may be relied upon as a certification described in Section 1.103-13(a)(2)(ii) of the Treasury Regulations under Section 103(c) of the Internal Revenue Code of 1954 (the "Code") and is being executed and delivered as part of the record of proceedings in connection with the Units.
1.4. The Commissioner of Internal Revenue has not published notice of, nor has the Corporation been notified of any listing or proposed listing of the Corporation by the Internal Revenue Service as an issuer whose certification may not be relied upon for arbitrage purposes by holders of its obligations.

1.5. This certificate sets forth the facts, estimates and circumstances now in existence which are the basis for the Corporation's expectation that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be arbitrage bonds under Section 103(c) of the Code. To the best of my knowledge and belief, the expectations contained herein, including the expectations relating to the use of the proceeds of the Units, are reasonable and there are no other facts, estimates or circumstances that would materially change such expectations.

II. PURPOSES OF ISSUE

2.1. The Corporation is issuing the Bonds together with Warrants, which are an integral part of the transaction, in order to obtain an interest cost savings on the Bonds. After initial reoffering, the Warrants may be detached from the Bonds and traded separately. Each Warrant entitles its holder to purchase $5,000 principal amount of the Corporation's Series 28 Bonds, authorized to be issued in an aggregate principal amount not to exceed $100,000,000, from date of issuance of the Units to and including January 18, 1983. The Warrants per se do not constitute an evidence of
indebtedness of the Corporation and, therefore, do not obligate the Corporation to make principal or interest payments of any sort.

2.2. The Corporation is issuing the Units pursuant to the modification to and extension of the four year plan of financing developed in November 1978 (the "Four Year Plan"), which is designed to provide alternative methods of financing the capital program of the City of New York (the "City") until such time as the City has regained full access to the long-term public credit markets. In order to implement the objectives of the modified Four Year Plan and provide for the Corporation's debt service reserve fund requirements, the proceeds of the Units will be used (i) to finance a portion of the City's capital requirements through the purchase of bonds issued by the City (the "City Bonds") and (ii) to augment the Capital Reserve Fund established under the Second Resolution.

2.3. The original proceeds of the Units will not exceed the amount necessary for the purposes of the issue.

III. AMOUNT AND USE OF PROCEEDS

3.1. The proceeds from the sale of the Units are $97,375,000 (exclusive of underwriter's discount of $2,625,000 and accrued interest on the Bonds for 4 days of $118,055.56). Such proceeds will be applied as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of City Bonds</td>
<td>$83,000,000</td>
</tr>
<tr>
<td>Deposit into Second Resolution</td>
<td></td>
</tr>
<tr>
<td>Capital Reserve Fund</td>
<td>$14,375,000</td>
</tr>
<tr>
<td>Total</td>
<td>$97,375,000</td>
</tr>
</tbody>
</table>
3.2. The accrued interest on the Bonds of $118,055.56, representing 4 days' interest, will be applied on July 1, 1981, to payment of interest on all bonds of the Corporation issued pursuant to the Second Resolution and may be invested prior to such expenditure without restriction as to yield.

3.3. With respect to the proceeds of the Bonds to be used to finance City capital requirements through the purchase of the City Bonds:

a. The City Bonds will be purchased pursuant to an agreement between the City and the Corporation to be entered into on or before March 1, 1981 (the "Bond Purchase Agreement") which will obligate the City to sell, and the Corporation to purchase, City Bonds in a principal amount equal to such proceeds of the Bonds. The Corporation expects to hold the City Bonds to maturity.

b. The City will use the proceeds of sale of the City Bonds to finance a portion of its capital program. The Corporation reasonably expects, on the basis of a letter from the Comptroller's office and the Office of Management and Budget of the City attached hereto as Exhibit B and an arbitrage certificate of the City to be delivered at such time(s) as the City Bonds are purchased pursuant to the Bond Purchase Agreement, that such proceeds will be used in a manner consistent with the arbitrage regulations promulgated under Section 103(c) of the Code as though the City Bonds had been issued as of the date hereof.
c. All such proceeds will be expended on or before February 1, 1984, upon certification by the City for its capital financing requirements as described in Exhibit B, and will be invested without restriction as to yield during the interim. Interest received from the investment of these proceeds will be deposited in the Bond Service Fund, will be applied to the payment of debt service on all Second Resolution Bonds within one year of receipt, and will be invested without restriction as to yield during the interim.

3.4. The Corporation will use principal and interest payments to be received on the City Bonds for debt service on all its outstanding obligations. Such payments will be deposited in either the Debt Service Fund (for obligations issued under a general bond resolution of the Corporation dated July 2, 1975) or the Bond Service Fund (for Second Resolution Bonds), will be so used within one year of receipt, and will be invested without restriction as to yield during the interim.

3.5. With respect to $14,375,000 of the proceeds of the Units, deposited in the Second Resolution Capital Reserve Fund:

a. Such Capital Reserve Fund is a debt service reserve fund for all bonds issued pursuant to the Second Resolution. Moneys in such fund are derived
both from Revenues (as defined in Section 5.1 hereof) and from proceeds of the Corporation's bonds and are approximately equal, on any given date, to debt service on all Second Resolution Bonds coming due in the succeeding calendar year (the "Requirement"), including any increase in the Requirement reasonably expected within the next fiscal year. This amount has never exceeded, and will never exceed, 15% of the face amount of all bonds issued pursuant to the Second Resolution, taking into account the terms of a letter ruling (as supplemented and clarified) issued to the Corporation by the Internal Revenue Service on April 29, 1980.

b. All such proceeds will be deposited in order to maintain such Fund at its Requirement, including any increase in the Requirement reasonably expected within the next fiscal year, and will be invested without restriction as to yield.

IV. TERMS OF THE BONDS AND THE PURCHASE THEREOF

4.1. The date, maturity, rate of interest and redemption features of the Bonds are shown on Exhibit A attached hereto.

4.2. The Corporation's contract of sale with the underwriters for the Units (the "Underwriters") specifies that such Underwriters are entering into the contract for the purpose of purchasing the Units for resale to the public
purchasers thereof and that such public purchasers shall be offered the Units by the Underwriters at the price listed on the cover of the Official Statement for the Units, plus accrued interest.

4.3. The Corporation and the Underwriters negotiated an initial interest rate and initial reoffering price for the Units which were tested in the market for tax-exempt obligations and found to be inadequate. Subsequently, the Units were repriced and gained market acceptance. As a result, the Corporation believes that the initial reoffering price of the Units at the time of the sale thereof to the Underwriters was reasonable.

V. DEBT SERVICE

5.1. The Corporation expects to pay debt service on the Bonds from amounts received from the State of New York (the "State") as per capita state aid and, to the extent necessary and available, from revenues from the State sales tax imposed only in the City of New York and State stock transfer tax (collectively, the "Revenues"), which are deposited in the Bond Service Fund, as well as monies received as principal and interest payments on the City Bonds.

5.2. The Bond Service Fund is a debt service fund for all bonds of the Corporation issued pursuant to the Second Resolution. It is expected that the amount of Revenues and principal and interest payments on City Bonds deposited in the Bond Service Fund will be expended on the payment of
debt service on all such bonds within 13 months of the date of deposit. Further it is expected that the amount deposited in the Bond Service Fund will be depleted at least once a year except possibly for a carryover amount which will not exceed the greater of one year's earnings on such Fund or one-twelfth of annual debt service. Consequently, moneys deposited in the Bond Service Fund may be invested without restriction as to yield.

5.3. The Corporation has not created, nor intends to create or establish, any funds other than the Bond Service Fund and the Capital Reserve Fund established under the Second Resolution for the payment of debt service on the Bonds or which may be pledged as security for the Bonds. While other funds and accounts of the Corporation are subject to a general pledge in favor of the holders of the Bonds, if amounts in such funds and accounts are needed for corporate purposes of the Corporation other than the payment of debt service on the Bonds, they will be so used. Accordingly, it cannot be said with any reasonable assurance that any of these amounts will be available for the payment of debt service on the Bonds if such need should ever arise.

5.4. Interest received from the investment of amounts deposited in the Bond Service Fund will be expended on the payment of debt service within one year of receipt and will be invested without restriction as to yield during the interim.
5.5. Interest received from the investment of amounts deposited in the Capital Reserve Fund established under the Second Resolution will be retained for investment in such Fund to the extent necessary to meet the Requirement. Any excess amount will be transferred to the Bond Service Fund and expended on the payment of debt service within one year of receipt.

IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of February, 1981.

[Signature]

Steven J. Kantor, Treasurer
Municipal Assistance Corporation
For The City of New York
EXHIBIT A

The $100,000,000 Series 27 Bonds are dated as of February 1, 1981, bear interest at the rate of 10-5/8% per annum and mature on July 1, 2008.

Optional Redemption

The Series 27 Bonds are subject to redemption at the option of the Corporation on and after July 1, 1991 as a whole on any date, or in part by lot on any interest payment date or dates, at the following redemption prices (expressed as percentages of the principal amount), plus accrued interest to the date of redemption:

<table>
<thead>
<tr>
<th>Redemption Period</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1, 1991 to December 31, 1992</td>
<td>102%</td>
</tr>
<tr>
<td>January 1, 1993 to June 30, 1994</td>
<td>101-1/2</td>
</tr>
<tr>
<td>July 1, 1994 to December 31, 1995</td>
<td>101</td>
</tr>
<tr>
<td>January 1, 1996 to June 30, 1997</td>
<td>100-1/2</td>
</tr>
<tr>
<td>July 1, 1997 and thereafter</td>
<td>100</td>
</tr>
</tbody>
</table>

Sinking Fund Redemption

The Series 27 Bonds are subject to redemption, in part by lot, on July 1 in each of the years, and in respective principal amounts, set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory "Sinking Fund Installments" which are required to be made in amounts sufficient to redeem on July 1 of each year, the principal amount of such Series 27
Bonds specified for each of the years shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>$5,830,000</td>
<td>2003</td>
<td>$8,235,000</td>
</tr>
<tr>
<td>1997</td>
<td>$5,920,000</td>
<td>2004</td>
<td>$8,525,000</td>
</tr>
<tr>
<td>1998</td>
<td>$6,015,000</td>
<td>2005</td>
<td>$8,835,000</td>
</tr>
<tr>
<td>1999</td>
<td>$6,105,000</td>
<td>2006</td>
<td>$9,175,000</td>
</tr>
<tr>
<td>2000</td>
<td>$6,200,000</td>
<td>2007</td>
<td>$9,535,000</td>
</tr>
<tr>
<td>2001</td>
<td>$7,710,000</td>
<td>2008</td>
<td>$9,950,000*</td>
</tr>
<tr>
<td>2002</td>
<td>$7,965,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Payment at maturity
February 5, 1981

Municipal Assistance Corporation
for the City of New York
One World Trade Center
New York, New York 10048

Attn: Mr. Steven Kantor

Re: $100 Million Series 27 Bonds
Dated as of February 1, 1981

Dear Sirs:

In connection with the issuance by the Municipal Assistance Corporation for the City of New York (the "Corporation") of its $100 million Series 27 Bonds, dated as of February 1, 1981, and the proposed use of $83 million of the proceeds thereof to purchase bonds to be issued by the City of New York (the "City"), we hereby advise you that the City will sell to the Corporation, before February 1, 1984, its bonds in an aggregate principal amount equal to $83 million, and that the City will use the $83 million, on or before such date, to finance capital expenditures included in its capital budget for the fiscal year during which the City issues such bonds, or to reimburse its General Fund for temporary advances authorized to be made for such purposes. With respect to such $83 million of proceeds, the City has incurred as of the date hereof, or reasonably expects to incur within 6 months or, to the extent there are good business reasons, within one year, from the date hereof, substantial binding obligations to commence or acquire capital improvement projects which will be financed with such proceeds.
In addition, the City reasonably expects to proceed with due diligence to completion on capital improvement projects, including those to be financed with proceeds of the Series 27 Bonds, having at least the periods of probable usefulness set forth in Exhibit A after substantial binding obligations have been incurred.

Very truly yours,

Thomas DeRogatis
Deputy Comptroller for Finance for the City of New York

James R. Brigham, Jr.
Director of Management and Budget of the City of New York
# Terms of City Bonds to be Purchased

By MAC

(In $ Thousands)

<table>
<thead>
<tr>
<th>Redemptions of Principal To Occur September 15</th>
<th>Structure of City Debt to be Issued within Maximum Period of Probable Usefulness Permitted by Local Finance Law 27 Years or Greater</th>
<th>Total to be Purchased By MAC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>$ 5,830</td>
<td>$ 5,830</td>
</tr>
<tr>
<td>1996</td>
<td>5,920</td>
<td>5,920</td>
</tr>
<tr>
<td>1997</td>
<td>6,015</td>
<td>6,015</td>
</tr>
<tr>
<td>1998</td>
<td>6,105</td>
<td>6,105</td>
</tr>
<tr>
<td>1999</td>
<td>6,200</td>
<td>6,200</td>
</tr>
<tr>
<td>2000</td>
<td>6,290</td>
<td>6,290</td>
</tr>
<tr>
<td>2001</td>
<td>6,385</td>
<td>6,385</td>
</tr>
<tr>
<td>2002</td>
<td>6,475</td>
<td>6,475</td>
</tr>
<tr>
<td>2003</td>
<td>6,570</td>
<td>6,570</td>
</tr>
<tr>
<td>2004</td>
<td>6,660</td>
<td>6,660</td>
</tr>
<tr>
<td>2005</td>
<td>6,755</td>
<td>6,755</td>
</tr>
<tr>
<td>2006</td>
<td>6,845</td>
<td>6,845</td>
</tr>
<tr>
<td>2007</td>
<td>6,950</td>
<td>6,950</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$83,000</strong></td>
<td><strong>$83,000</strong></td>
</tr>
</tbody>
</table>
ACCEPTANCE AND CERTIFICATE OF AUTHORITY
OF THE TRUSTEE AND WARRANT AGENT

United States Trust Company of New York (the Trust Company), as Trustee (the Trustee) appointed by the Municipal Assistance Corporation For The City of New York (the Corporation), a public benefit corporation of the State of New York, under and pursuant to the Second General Bond Resolution adopted November 25, 1975, as amended and supplemented, and the Series 27 and 28 Resolutions adopted by the Corporation on January 21, 1981 (collectively, the Resolutions), authorizing the issuance of the Corporation's Series 27 Bonds (the Series 27 Bonds) and the Corporation's Series 28 Bonds (the Series 28 Bonds) (collectively the Bonds) in each case in the aggregate principal amount of $100,000,000, and as Warrant Agent (the Warrant Agent) under the Warrant Agreement dated as of February 1, 1981 between the Trust Company and the Corporation (the Warrant Agreement), HEREBY CERTIFIES that:

1. The Trust Company accepts the duties and obligations of Trustee under the Resolutions.

2. The Trust Company accepts the duties and obligations of Warrant Agent under the Warrant Agreement.

3. The Trust Company is duly empowered by the laws of the State of New York to do and to perform all acts and things required of it by the Resolutions and the Warrant Agreement.

4. Pursuant to the provisions of the Resolutions and the orders of the Corporation dated today, the Trust Company has today authenticated and delivered $100,000,000 principal amount of the Series 27 Bonds, and countersigned and delivered Warrants of the Corporation to purchase an aggregate amount of $100,000,000 of the Corporation's Series 28 Bonds (the Warrants).

5. Each person who authenticated the Series 27 Bonds and countersigned the Warrants was duly elected or
appointed, qualified and acting as an authorized officer of the Trust Company and empowered to perform such act, and the attached copy of an excerpt of the By-Laws of the Trust Company conferring such authority is a true and correct copy of the original thereof on file in the principal office of the Trust Company and such document as of the date hereof is in full force and effect in accordance with its terms.

6. The Trust Company has received from the Corporation copies of the Resolutions, certified to this day by an Authorized Officer of the Corporation, as required by Section 202.2(3) of the Second General Bond Resolution.

IN WITNESS WHEREOF, the Trust Company has caused this Certificate to be executed by the officers thereunto duly authorized this 5th day of February, 1981.

UNITED STATES TRUST COMPANY
OF NEW YORK

By

Assistant Vice President

(CORPORATE SEAL)

Attest:

Assistant Secretary
February 5, 1981

Municipal Assistance Corporation
For The City of New York
Suite 8901
One World Trade Center
New York, New York 10048

Dear Sirs:

Our client, United States Trust Company of New York, has requested that we furnish you with our opinion as to its authority to act as Trustee pursuant to its appointment by the Municipal Assistance Corporation For The City of New York (the Corporation) in the Second General Bond Resolution adopted by the Corporation on November 25, 1975, as amended and supplemented, and as to its due authentication and delivery of the Corporation's Series 27 Bonds issued today in the aggregate principal amount of $100,000,000 (the Bonds) pursuant to the Second General Bond Resolution and the Series 27 Resolution adopted by the Corporation on January 21, 1981 (collectively, the Resolutions), and being sold today pursuant to the Bond Purchase Agreement dated January 21, 1981 and the Official Statement dated January 21, 1981 of the Corporation.

We have examined the Resolutions, the certificate dated today of the Trustee as to the due authentication and delivery of the Bonds, and such other documents as we have deemed necessary in order to render our opinions hereinafter expressed.

Based upon the foregoing we are of the opinion that:
1. United States Trust Company of New York is a duly organized and validly existing corporation having the powers of a trust company under the laws of the State of New York and is authorized to act as Trustee under the Resolutions and to exercise all of the rights, powers and obligations of the Trustee.

2. The Trustee has duly authenticated and delivered the Bonds.

Very truly yours,

[Signature]

RRG:wpc
February 5, 1981

Salomon Brothers
Goldman, Sachs & Co.
Merrill Lynch White Weld Capital Markets Group
(Merrill Lynch, Pierce, Fenner & Smith Incorporated)
Citibank, N.A.
The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L.F. Rothschild, Unterberg, Towbin
As Representatives of the Underwriters
c/o Salomon Brothers
One New York Plaza
New York, New York 10004

Dear Sirs:

We have acted as counsel to United States Trust Company of New York, as Trustee, in connection with the issuance today by the Municipal Assistance Corporation For The City of New York (the Corporation) of its Series 27 Bonds in the aggregate principal amount of $100,000,000.

We are delivering to you herewith our opinion dated today rendered to the Corporation. You are authorized to rely upon this opinion as fully and to the same extent as if it had been addressed to you.

Very truly yours,

RRG:wpc
Enclosure
CARTER, LEDYARD & MILBURN
COUNSELLORS AT LAW
2 WALL STREET
NEW YORK, N.Y. 10005

February 5, 1981

Municipal Assistance Corporation
For The City of New York
Suite 8901
One World Trade Center
New York, New York 10048

Dear Sirs:

Our client, United States Trust Company of New York, has requested that we furnish you with our opinion as to its authority to act as Warrant Agent (the Warrant Agent) pursuant to its appointment by the Municipal Assistance Corporation For The City of New York (the Corporation) in the Warrant Agreement dated as of February 1, 1981 (the Warrant Agreement), and as to its due countersignature and delivery of the Corporation's Warrants to purchase an aggregate amount of $100,000,000 of the Corporation's Series 28 Bonds (the Warrants) pursuant to the Warrant Agreement and the Warrant Resolution adopted by the Corporation on January 21, 1981 (the Warrant Resolution), and being sold today pursuant to the Bond Purchase Agreement dated January 21, 1981 and the Official Statement dated January 21, 1981 of the Corporation.

We have examined the Warrant Agreement and the Warrant Resolution, the certificate dated today of the Trustee as to the due countersignature and delivery of the Warrants, and such other documents as we have deemed necessary in order to render our opinions hereinafter expressed.

Based upon the foregoing we are of the opinion that:

1. United States Trust Company of New York is a duly organized and validly existing corporation having the
powers of a trust company under the laws of the State of New York and is authorized to act as Warrant Agent under the Warrant Agreement and to exercise all of the rights, powers and obligations of the Warrant Agent.

2. The Warrant Agent has duly countersigned and delivered the Warrants.

Very truly yours,

[signature]

RRG: wpc
February 5, 1981

Salomon Brothers
Goldman, Sachs & Co.
Merrill Lynch White Weld Capital Markets Group
(Merrill Lynch, Pierce, Fenner & Smith
   Incorporated)
Citibank, N.A.
The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L.F. Rothschild, Unterberg, Towbin
As Representatives of the Underwriters
c/o Salomon Brothers
One New York Plaza
New York, New York 10004

Dear Sirs:

We have acted as counsel to United States Trust Company of New York, as Warrant Agent, in connection with the making, execution and delivery today by the Municipal Assistance Corporation For The City of New York (the Corporation) of its Warrants to purchase an aggregate amount of $100,000,000 of the Corporation's Series 28 Bonds.

We are delivering to you herewith our opinion dated today rendered to the Corporation. You are authorized to rely upon this opinion as fully and to the same extent as if it had been addressed to you.

Very truly yours,

[Signature]

RRG:wpc
Enclosure
ACCEPTANCE OF DUTIES AS PAYING AGENT

The undersigned hereby accepts the duties and obligations of a Paying Agent imposed upon the undersigned by the Second General Bond Resolution adopted by the Board of Directors of the Municipal Assistance Corporation For The City of New York (the "Corporation") on November 25, 1975, as amended and supplemented, and the Series 27 and Series 28 Resolutions of the Corporation, adopted by the Board of Directors of the Corporation on January 21, 1981. The undersigned has taken all necessary corporate action to authorize its acceptance of the appointment as Paying Agent for the Bonds pursuant to the Resolutions referred to above.

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By John A. Fabro
Title: Vice Pres.

Attest:

Dated: 1/32/81
ACCEPTANCE OF DUTIES AS PAYING AGENT

The undersigned hereby accepts the duties and obligations of a Paying Agent imposed upon the undersigned by the Second General Bond Resolution adopted by the Board of Directors of the Municipal Assistance Corporation For The City of New York (the "Corporation") on November 25, 1975, as amended and supplemented, and the Series 27 and Series 28 Resolutions of the Corporation, adopted by the Board of Directors of the Corporation on January 21, 1981. The undersigned has taken all necessary corporate action to authorize its acceptance of the appointment as Paying Agent for the Bonds pursuant to the Resolutions referred to above.

CHASE MANHATTAN BANK, N.A.

By [Signature]

Title: SECOND VICE PRESIDENT

Attest: [Signature]

Dated: [Date]
February 5, 1981

Salomon Brothers
Goldman, Sachs & Co.

Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated

Citibank, N.A.

The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin

As Representatives of the Underwriters

c/o Salomon Brothers
One New York Plaza
New York, New York 10004

Dear Sirs:

We have been requested by our client, Municipal Assistance Corporation For The City of New York, a corporate governmental agency and instrumentality of the State of New York constituting a public benefit corporation (the “Corporation”), to furnish you our opinion as to the matters herein set forth in connection with the execution of a bond purchase agreement, dated January 21, 1981 (the “Agreement”), by and among the Corporation and each of you as purchasers, and the sale by the Corporation to you thereunder of $100,000,000 aggregate principal amount of the Corporation’s Series 27 Bonds (the “Series 27 Bonds”) together with warrants (the “Warrants”) to purchase $100,000,000 aggregate principal amount of the Corporation’s Series 28 Bonds (the “Series 28 Bonds”) (the Series 27 Bonds together with Warrants being hereinafter referred to as the “Securities”).

In this connection, we have examined the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, each as further amended (the “Act”), the final Official Statement of the Corporation, dated January 21, 1981, with respect to the Securities, as amended or supplemented to the date hereof (the “final Official Statement”), the By-laws of the Corporation, records of its corporate proceedings, including the Second General Bond Resolution adopted by the Board of Directors of the Corporation on November 25, 1975 (the “Second General Bond Resolution”), the
Serios 27 Resolution (the "Series 27 Resolution"), the Serios 28 Resolution (the "Series 28 Resolution") and the Warrant Resolution (the "Warrant Resolution"), in each case adopted by the Board of Directors of the Corporation on January 21, 1981, the Agreement and the exhibits attached thereto, and the warrant agreement (the "Warrant Agreement") dated as of February 1, 1981 between the Corporation and United States Trust Company of New York, as warrant agent (in such capacity, the "Warrant Agent"), and have made such further examination of law and fact as we considered necessary in order to form the opinions herein expressed. The Second General Bond Resolution, the Series 27 Resolution and the Series 28 Resolution are herein collectively referred to as the "Resolutions".

Based on the foregoing, we are of the opinion that:

1. The Corporation is a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation, duly created by and validly existing under the Act, with the right and power under the Act to execute and deliver and to perform its obligations under the Agreement and the Warrant Agreement, to issue the Warrants, to adopt the Warrant Resolution and the Resolutions and to issue the Series 27 Bonds and the Series 28 Bonds under the Resolutions.

2. Under the Act, it is a purpose of the Corporation to assist The City of New York (the "City") in providing essential services to its inhabitants without interruption and in creating investor confidence in the soundness of the obligations of the City.

3. The execution and delivery of, and the performance of the obligations under the Agreement and the Warrant Agreement and the issuance of the Warrants, the Series 27 Bonds and the Series 28 Bonds have been duly authorized by proper corporate proceedings of the Corporation. The Agreement and the Warrant Agreement constitute the legal, valid and binding agreements of the Corporation enforceable in accordance with their respective terms except (i) as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights created pursuant to the Agreement or the Warrant Agreement and (ii) the legal power of the Corporation to issue the Series 28 Bonds upon exercise of the Warrants is subject to the provisions of the Act, the Second General Bond Resolution and certain other resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 28 Bonds is issued and delivered. The Warrant Resolution has been duly and lawfully adopted by the Corporation and is in full force and effect. The Resolutions have been duly and lawfully adopted by the Corporation and are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of the holders of the Warrants, the Series 27 Bonds or the Series 28 Bonds, and no other authorization for, or filing or recording of, the Resolutions or the Warrant Resolution is required. Anything in this opinion to the contrary notwithstanding, we express no opinion with respect to the 1978 State Covenant as that term is defined in the final Official Statement.

4. The Series 27 Bonds have been duly authorized, executed, authenticated, issued and delivered and constitute legal, valid, binding, direct and general obligations of the Corporation and are entitled to the benefits of the Second General Bond Resolution and the Series 27 Resolution except as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Series 27 Bonds. The Warrants have been duly authorized, executed, countersigned by the Warrant Agent, issued and delivered and constitute legal, valid, binding, direct and general obligations of the Corporation and are entitled to the benefits of the Warrant Agreement except (i) as enforceability may be limited by bankruptcy, moratorium or similar laws validly enacted and applicable to the rights of holders of the Warrants and (ii) the legal power of the Corporation to issue the Series 28 Bonds upon exercise of the Warrants is subject to the provisions of the Act, the Second General Bond Resolution and certain other resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 28 Bonds is issued and delivered.
5. The execution, delivery and receipt of the final Official Statement, the Agreement, the Series 27 Bonds, the Series 28 Bonds, the Warrant Agreement, the Warrants and the Resolutions, under the circumstances contemplated by the Agreement and the final Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the part of the Corporation a breach of, or a default under, any existing law, court or administrative regulation, decree, order or any agreement, indenture, mortgage, lease or other instrument, in each such case of which we have knowledge, to which the Corporation is subject or by which it is bound.

6. Except as set forth in the final Official Statement, to the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court or public board or body pending or threatened against the Corporation wherein an unfavorable decision, ruling or finding would in any material respect adversely affect the transactions contemplated by the Agreement or which in any way would adversely affect provisions for the payment of principal or interest on the Series 27 Bonds or the Series 28 Bonds or the validity of the Series 27 Bonds or the Series 28 Bonds, the Warrant Agreement, the Warrants, the Resolutions, the Warrant Resolution, the Agreement or any agreement or instrument to which the Corporation is a party which is used or contemplated for use in connection with consummation of the transactions contemplated by the Agreement.

7. The offering and sale of the Securities by the Corporation to you, and the resale of the Securities by you as contemplated by the Agreement and the final Official Statement, are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(2) of such Act and there is no requirement for the qualification of the Resolutions or any indenture with respect to the Securities or the Series 28 Bonds pursuant to the Trust Indenture Act of 1939, as amended. The Warrants, the Series 27 Bonds and the Series 28 Bonds constitute "municipal securities" as such term is defined in the Securities Exchange Act of 1934, as amended.

8. In the course of the preparation by the Corporation of the final Official Statement, we participated in numerous conferences and conversations with certain of the Corporation's officials and also consulted on numerous occasions with representatives of certain of you. In this connection, with your concurrence, we did not undertake any independent examination or review of, or otherwise attempt to make any independent verification of, (i) any records or proceedings of, or any factual matters relating to or otherwise involving, the Corporation, the State of New York or any authority, agency or political subdivision thereof or therein, or (ii) any other factual matters contained in the final Official Statement. Accordingly, except with respect to the statements and summaries referred to in paragraph 9 hereof, we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the final Official Statement; it being understood that you are relying on the preparation of the final Official Statement by the Corporation, and certifications of various officials as to the accuracy, completeness and fairness of the statements contained therein. Further, we are not in a position to provide, and we hereby expressly disclaim, any commentary or assurances as to the adequacy or accuracy of the financial statements and other financial and statistical data contained in the final Official Statement. Subject to the foregoing limitations with respect to our engagement, no information was disclosed to us in connection with the preparation of the final Official Statement or in our conferences or conversations referred to above which has caused us to believe that the final Official Statement, as of the date thereof, and as of the date hereof, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

9. The statements set forth in the final Official Statement under the headings "Debt Issuance Plan", "Certain Developments Affecting the City—Federal Bankruptcy Legislation", "Various Control Programs" and "Litigation" are in all material respects accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

All opinions rendered herein relating to the enforceability of the Corporation's obligations under the Resolutions, the Agreement, the Warrant Agreement, the Warrants, the Series 27 Bonds or the
Series 28 Bonds are subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

All opinions rendered herein relating to the effect of the Constitution of the State of New York, or state or local finance laws upon the validity, binding effect or enforceability of the Resolutions, the Agreement, the Warrant Agreement, the Warrants, the Series 27 Bonds or the Series 28 Bonds are rendered in reliance upon the opinions of Hawkins, Delafield & Wood, Bond Counsel, of even date herewith addressed to the Corporation and delivered to you in accordance with the Agreement, and, although we have made no independent investigation with respect thereto, such opinions are in form and substance satisfactory to us, and we believe that you and we are justified in relying thereon.

Very truly yours,
February 5, 1981

United States Trust Company
of New York
45 Wall Street
New York, New York 10005

Gentlemen:

We have delivered to Salomon Brothers and certain other representatives of the Underwriters an opinion dated the date hereof, with respect to the issuance of $100,000,000 aggregate principal amount of the Series 27 Bonds together with warrants to purchase $100,000,000 aggregate principal amount of the Series 28 Bonds of the Municipal Assistance Corporation For The City of New York, a copy of which is attached hereto. You are entitled to rely on such opinion as if the same were addressed to you.

Very truly yours,

PAUL, WEISS, RIFKIND, WHARTON & GARRISON

Attachment
Municipal Assistance Corporation
For the City of New York
New York, New York

Dear Sirs:

We have examined a record of proceedings relating to the issuance of $100,000,000 aggregate principal amount of Series 27 Bonds (the "Series 27 Bonds") of the Municipal Assistance Corporation For The City of New York (the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation, created and existing under and pursuant to the Constitution and statutes of the State, including the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, being Titles I, II and III of Article 10 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended to the date hereof (the "Act").

The Series 27 Bonds are authorized and issued under and pursuant to the Act and the Second General Bond Resolution of the Corporation, adopted November 25, 1975, as amended and supplemented to the date hereof (the "Second General Bond Resolution"), and the Series 27 Resolution, adopted January 21, 1981 (the "Series Resolution"). Said resolutions are herein collectively called the "Resolutions".

The Series 27 Bonds are part of an issue of bonds of the Corporation (the "Bonds") which the Corporation has established and created under the terms of the Second General Bond Resolution and is authorized to issue from time to time for the corporate purposes of the Corporation authorized by the Act, as then in effect and without limitation as to amount except as provided in the Resolutions and certain agreements of the Corporation or as may be limited by law. The Corporation has covenanted with the holders of certain bonds of the Corporation and with certain others to limit the issuance of additional bonds. The Series 27 Bonds are being issued for purposes set forth in the Resolutions.

The Corporation is authorized to issue Bonds, in addition to the Series 27 Bonds, only upon the terms and conditions set forth in the Second General Bond Resolution and such Bonds, when issued, shall with the Series 27 Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Second General Bond Resolution.

The Series 27 Bonds are dated February 1, 1981 except as otherwise provided in the Resolutions with respect to fully registered Series 27 Bonds, will mature on July 1, 2008 and will bear interest payable July 1, 1981 and semi-annually thereafter on January 1 and July 1 in each year at the rate of ten and five-eighths per centum (10 5/8%) per annum.

The Series 27 Bonds are issued either in coupon form in the denomination of $5,000, registrable as to principal only, or in fully registered form without coupons in the denomination of $5,000 or an
integral multiple thereof. Coupon and fully registered Series 27 Bonds are interchangeable as provided in the Resolutions. Coupon Series 27 Bonds are numbered 27-08- and fully registered Series 27 Bonds are lettered and numbered 27R-08- followed, in each case, by the number of the Series 27 Bonds. Coupon Series 27 Bonds and fully registered Series 27 Bonds are numbered consecutively from one upward in order of issuance.

The Series 27 Bonds are subject to redemption, commencing on July 1, 1996, and on each July 1 thereafter prior to maturity, in each case in part, as provided in the Resolutions, by operation of the Bond Service Fund through application of Sinking Fund Installments as defined in the Second General Bond Resolution in the amounts set forth in the Series Resolution, at the redemption price of 100% of the principal amount of each Series 27 Bond or portion thereof to be redeemed, plus accrued interest, if any, to the date of redemption.

In addition, the Series 27 Bonds are subject to redemption at the election of the Corporation on and after July 1, 1991, as a whole on any date or in part, by lot, on any interest payment date, at the redemption prices (expressed as percentages of the principal amount), plus accrued interest, if any, to the date of redemption, as set forth in the Series Resolution.

Chapters 168, 169, 868 and 870 of the Laws of 1975, as amended to the date hereof, each enacted by the People of the State, represented in Senate and Assembly of the State and signed into law by the Governor of the State (the “Enabling Legislation”) provide for, among other things, the insertion of the Act in the Public Authorities Law, creating the Corporation as aforesaid, adding a new section 92-e to Article 6 of the State Finance Law, constituting Chapter 56 of such Consolidated Laws, establishing a municipal assistance aid fund (the “Aid Assistance Fund”) and a special account for the Corporation within the Aid Assistance Fund (the “Special Aid Account”), amending section 54 of the State Finance Law to provide for the apportionment and payment into the Special Aid Account of amounts of per capita aid appropriated by the Legislature of the State and otherwise payable out of the General Fund of the State to The City of New York, New York (“The City”) thereunder subject to payments being made as follows: (i) any amounts required to be paid to the City University Construction Fund pursuant to the City University Construction Fund Act, Article 125-B of the Education Law, constituting Chapter 16 of such Consolidated Laws; (ii) any amounts required to be paid to the New York City Housing Development Corporation pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 41 of such Consolidated Laws; (iii) any amounts required to be paid by The City to the New York City Transit Authority pursuant to the provisions of chapter seven of the laws of the State of nineteen hundred seventy-two; (iv) any amounts required to be paid by The City to the State to repay an advance made in nineteen hundred seventy-four to subsidize the fare of the New York City Transit Authority; and (v) five hundred thousand dollars to the chief fiscal officer of The City for payment to the trustees of the police pension fund of such City pursuant to the provisions of paragraph c of subdivision 7 of such section 54 of the State Finance Law, suspending the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes pursuant to sections 1210 and 1212-A of Article 29 of the Tax Law, constituting Chapter 60 of such Consolidated Laws, and the taxes imposed pursuant to said sections, until all notes and bonds of the Corporation, including the Series 27 Bonds, and interest thereon have been fully paid and discharged, adding a new section 92-d to Article 6 of the State Finance Law establishing a municipal assistance tax fund (the “Tax Assistance Fund”) and a special account for the Corporation within the Tax Assistance Fund (the “Special Tax Account”), and adding a new section 1107 to Article 28 of said Tax Law imposing sales and compensating use taxes in The City at a rate of four percent (4%) on certain items therein described and at a rate of six percent (6%) on the sale of certain parking services (the “Sales Tax”), the revenues derived from which, less such amounts as the Commissioner of Taxation and Finance determines to be necessary for reasonable costs in administering, collecting and distributing such taxes, are required to be paid into the Special Tax Account, together with, after deducting such costs, such amounts, as may be required under the Enabling Legislation to be transferred from the Stock Transfer Tax Fund established by section 92-b of Article 6 of said State Finance Law, into which the revenues derived from a tax imposed by Article 12 of the Tax Law (the “Stock Transfer Tax”) are deposited.
We are of the opinion that:

1. The Corporation is duly created and validly exists as a corporate governmental agency and instrumentality of the State constituting a public benefit corporation under the laws of the State, including the Constitution of the State and the Act, with the good right and lawful authority and power to adopt the Resolutions, to issue the Bonds including the Series 27 Bonds thereunder, and to perform the obligations and covenants contained in the Resolutions and the Series 27 Bonds. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Enabling Legislation, including the Act, is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Series Resolution has been duly and lawfully adopted in accordance with the provisions of the Second General Bond Resolution and is authorized and permitted by the Second General Bond Resolution. The Resolutions have been duly and lawfully adopted by the Corporation and both are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms, except for the covenant on behalf of the State required to be set forth in each Series 27 Bond pursuant to Chapter 201 of the Laws of New York of 1978 (the “State Covenant”) as to which a separate opinion has been rendered on the date hereof, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge and lien which they purport to create of the revenues, moneys, securities and funds held or set aside under the Resolutions, subject only to the application thereof to the purposes and on the conditions permitted by the Resolutions. The lien created by the Resolutions on such revenues, moneys, securities and funds in the Bond Service Fund and the Capital Reserve Fund is and will be prior to all other liens thereon. All revenues, moneys and securities, as and when received, in the Bond Service Fund and the Capital Reserve Fund in accordance with the Resolutions, will be validly subject to the pledge and lien created by the Resolutions.

3. The Series 27 Bonds have been duly and validly authorized and issued by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Act, and in accordance with the Resolutions. The Series 27 Bonds are valid and binding general obligations of the Corporation payable as provided in the Resolutions, are enforceable in accordance with their terms, respectively, and the terms of the Resolutions, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws validly enacted affecting creditors’ rights or remedies generally, and, except as otherwise set forth with respect to the State Covenant as to which a separate opinion has been rendered as aforesaid, are entitled, together with additional Bonds issued under the Second General Bond Resolution, to the equal benefit, protection and security of the provisions, covenants and obligations of the Second General Bond Resolution and of the Act.

4. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall annually, on or before December 1, make and deliver to the Governor and Director of the Budget of the State his certificate stating such sum, if any, as shall be necessary to restore the amount in the Capital Reserve Fund to an amount equal to the Capital Reserve Fund requirement under the Second General Bond Resolution. Subdivision 3 of Section 3036-a of the Act providing for the appropriation and payment to the Corporation for deposit in the Capital Reserve Fund of such sum as shall be so certified by the Chairman, does not constitute an enforceable obligation or debt of the State, the amount of such sum being subject to annual appropriation for such purpose by the Legislature of the State, which is empowered, but is not bound or obligated, to appropriate such amount.

5. Pursuant to the Act and the Second General Bond Resolution, the Corporation has validly covenanted that the Chairman of the Corporation shall certify to the State Comptroller and the Mayor of The City, the amounts required, pursuant to subdivision 1 of Section 3036 and of Section 3036-a of the Act, for deposit in the funds established by the Second General Bond Resolution at the time or times and in the manner provided therein, including the amounts required for deposit in the Bond Service Fund to
pay all interest and all principal and redemption premium, if any, on bonds maturing or otherwise coming due and for deposit in the Capital Reserve Fund to maintain such Fund at such Capital Reserve Fund requirement. Said subdivisions provide for the State Comptroller to pay such amounts to the Corporation for deposit as aforesaid, the source of such payments being the Aid Assistance Fund into which is paid such per capita aid, subject to certain prior claims as described above, and, to the extent required, subject to the prior claim of the holders of obligations of the Corporation issued or to be issued pursuant to the First General Bond Resolution (as such term is defined in the Second General Bond Resolution), the Tax Assistance Fund into which is paid the Sales Tax, and to the extent required, out of the Stock Transfer Tax Fund, the Stock Transfer Tax. The amount of per capita aid payable to The City and available for apportionment and payment from the General Fund of the State treasury and of such payments out of the Aid and Tax Assistance Funds to the Corporation are subject to annual appropriation for such purposes by the Legislature of the State which is empowered, but is not bound or obligated, to appropriate any such amounts so certified by the Chairman, as aforesaid.

6. The Series 27 Bonds do not constitute a debt either of the State or of The City, and neither the State nor The City shall be liable thereon, nor shall the Series 27 Bonds be payable out of any funds other than those of the Corporation.

7. The State has the good right and lawful authority:

(a) to provide for the appropriation of, and at least annually to appropriate out of the General Fund of the State amounts for the purpose of per capita aid and to provide, with respect to certain amounts of such per capita aid payable to The City in accordance with the provisions of section 54 of the State Finance Law, for the apportionment and payment into the Special Aid Account, of amounts sufficient to enable the Corporation to fulfill the terms of the Resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make any, or maintain any level of, such appropriation of per capita aid or to continue such procedure for apportionment and payment of such aid;

(b) to provide for the appropriation of, and at least annually to appropriate to, the Corporation, from the Special Tax Account and from the Stock Transfer Tax Fund, amounts sufficient to enable the Corporation to fulfill the terms of the Resolutions and to carry out its corporate purposes, but the State is not bound or obligated to make such appropriations;

(c) to suspend the power of The City to adopt local laws for the imposition of certain sales and compensating use taxes and the taxes levied thereunder, in accordance with the Enabling Legislation;

(d) to impose and to increase or decrease the Sales Tax and the Stock Transfer Tax but the State is not bound or obligated to continue the imposition of said taxes; and

(e) to establish the Aid Assistance Fund and the Special Aid Account within the Aid Assistance Fund, the Stock Transfer Tax Fund, the Tax Assistance Fund and the Special Tax Account within the Tax Assistance Fund but the State is not bound or obligated to maintain the existence of said funds or accounts.

8. The Corporation, the holders of the Bonds, holders of any evidence of indebtedness of the Corporation or the holders of bonds or notes of The City do not have nor will they have a lien on the per capita aid referred to hereinafore or the Stock Transfer Tax or the Stock Transfer Tax Fund, the Sales Tax, or the Special Accounts for the Corporation in the Aid and Tax Assistance Funds. We are further of the opinion that, in any suit, action or other proceeding (whether under Chapter 9 of the Federal Bankruptcy Code or otherwise) wherein a creditor of The City or The City seeks to assert a right to any such Taxes, such Stock Transfer Tax Fund or such Special Accounts superior or equal to the rights of holders of bonds issued under the Second General Bond Resolution, neither The City nor such creditor will prevail in the court of final jurisdiction.

9. Under existing law, upon any failure of the State Legislature to make required appropriations for State debt obligations or upon the establishment of a note repayment account pursuant to Section 55
of the State Finance Law, moneys on deposit in the Stock Transfer Tax Fund and the Tax Assistance Fund, including the Special Tax Account therein (each such account or fund as presently constituted being a special fund of the State), would not constitute revenues applicable to the General Fund of the State and hence neither Article 7, Section 16 of the State Constitution nor said Section 55 authorizes or mandates such moneys to be set apart by the State Comptroller either for the payment of State obligations or for deposit into such note repayment account. We are further of the opinion that, under existing law, collections of the Sales Tax and the Stock Transfer Tax which are to be deposited into the Special Tax Account and the Stock Transfer Tax Fund, do not constitute revenues applicable to the General Fund of the State and hence such collections would likewise not be authorized or mandated to be set apart or applied by the State Comptroller either for the payment of the State obligations or for deposit into such note repayment account. Per capita aid is, under existing law, derived from the General Fund of the State and hence, in the event of a failure to appropriate as above described, revenues of the State, otherwise applicable to the General Fund and therefore available for appropriation as per capita aid will be subject to being set apart, or applied as aforesaid.

10. Under existing statutes and court decisions, interest on the Series 27 Bonds is exempt from Federal income taxes and shall at all times be free from New York State and New York City personal income taxes.

11. No registration with, consent of, or approval by any governmental agency or commission is necessary for the execution and delivery and the issuance of the Series 27 Bonds.

12. The adoption and performance of, and compliance with, all of the terms and conditions of the Resolutions and the Series 27 Bonds, and the execution and delivery of the Series 27 Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law.

We have examined the executed Series 27 Bond numbered 27-08-1 and, in our opinion, the form of said Bond and its execution are regular and proper.

Very truly yours,

[Signature]

[Signature]
February 5, 1981

United States Trust Company
of New York
New York, New York

The Several Underwriters
Named in Schedule I of
the Bond Purchase Agreement
dated January 21, 1981
with the Municipal
Assistance Corporation
For The City of New York

Gentlemen:

We are bond counsel to the Municipal Assistance Corporation For The City of New York (the "Corporation") and have this day delivered to such Corporation an opinion dated the date hereof with respect to the issuance of the Series 27 Bonds of the Corporation, an opinion dated the date hereof with respect to the issuance of Warrants to purchase Series 28 Bonds of the Corporation and an opinion of even date herewith as to the validity of the New York State Financial Emergency Act For the City of New York and a certain covenant of the State of New York, copies of which are annexed hereto. You are entitled to rely on said opinions as if the same were addressed to you.

Very truly yours,

[Signature]
February 5, 1987

Hawkins, Delafield & Wood
60 Wall Street, New York, N.Y. 10005

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK
NEW YORK, NEW YORK

Dear Sirs:

We have examined a record of proceedings relating to the issuance, execution and delivery of warrants (the "Warrants") in the principal sum of $100,000,000 aggregate principal amount of Series 26 Bonds (the "Series 26 Bonds") of the Municipal Assistance Corporation for the City of New York (the "Corporation"), a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation, created and existing under and pursuant to the Constitution and statutes of the State, including the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation for the City of New York Act, being Titles III, III and VII of Article 12 of the Public Authorities Law, Chapter 494 of the Consolidated Laws of the State, as amended to the date hereof (the "Act").

The Warrants are authorized, made, executed and delivered under and pursuant to the Act, the Warrant Resolution of the Corporation, adopted January 21, 1981 (the "Warrant Resolution") and the Warrant Agreement dated as of February 1, 1981 (the "Warrant Agreement") between the Corporation and United States Trust Company of New York, as warrant agent.

The Warrants are exchangable as of February 1, 1981, expire January 15, 1983 and are in bearer form only.

We are of the opinion that:

1. The Corporation is duly created and validly exist as a corporate governmental agency and instrumentality of the State constituting a public benefit corporation under the laws of the State, including the Constitution of the State and the Act, with the full right and lawful authority and power to adopt the Warrant Resolution to make, execute and deliver the Warrant Agreement and the Warrants hereunder, and to perform the obligations and covenants contained in the Warrant Agreement and the Warrants. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid with respect to all provisions thereof material to the subject matter of this opinion letter.

2. The Warrant Resolution has been duly and lawfully adopted by the Corporation and is in full force and effect.

3. The Warrants have been duly and validly authorized, made, executed and delivered by the Corporation in accordance with the laws of the State, including the Constitution of the State and the Act, including Section 3010(4) thereof, and in accordance with the Warrant Resolution and the Warrant Agreement. The Warrants are valid and binding direct obligations of the Corporation and are enforceable in accordance with their terms and the terms of the Warrant Agreement, subject to the qualifications in paragraph 7 hereof.

4. The Warrant Agreement has been duly authorized, executed and delivered by the Corporation and constitutes a valid and binding agreement of the Corporation, enforceable in accordance with its terms, subject to the qualifications in paragraph 7 hereof.
5. No registration with, consent of, or approval by any governmental agency or commission is necessary for the making, execution and delivery of the Warrant Agreement or the Warrants.

6. The making, execution, delivery and performance of, and compliance with, all of the terms and conditions of the Warrant Agreement and the Warrants, will not result in a violation of or be in conflict with any term or provision of any existing law, except that the legal power of the Corporation to issue the Series 28 Bonds upon exercise of the Warrants is subject to provisions of the Act and the resolutions pursuant to which such Series 28 Bonds are to be issued.

7. The foregoing opinion is qualified only to the extent that (1) the enforceability of the Warrants and the Warrant Agreement may be limited by bankruptcy, insolvency or similar laws validly enacted affecting creditors' rights or remedies generally and (2) the legal power of the Corporation to issue the Series 28 Bonds upon the exercise of the Warrants is subject to applicable provisions of law and certain resolutions and agreements of the Corporation that must be satisfied at the time each of the Series 28 Bonds is issued.

We have examined the executed Warrant numbered 27W-83-1 and, in our opinion, the form of said Warrant and its execution are regular and proper.

Very truly yours,

[Signature]

Hawkes, Delphy & Wood
February 5, 1981

United States Trust Company
of New York
New York, New York

The Several Underwriters
Named in Schedule I of
the Bond Purchase Agreement
dated January 21, 1981
with the Municipal
Assistance Corporation
For The City of New York

Gentlemen:

We are bond counsel to the Municipal Assistance Corporation For The City of New York (the "Corporation") and have this day delivered to such Corporation an opinion dated the date hereof with respect to the issuance of the Series 27 Bonds of the Corporation, an opinion dated the date hereof with respect to the issuance of Warrants to purchase Series 28 Bonds of the Corporation and an opinion of even date herewith as to the validity of the New York State Financial Emergency Act For The City of New York and a certain covenant of the State of New York, copies of which are annexed hereto. You are entitled to rely on said opinions as if the same were addressed to you.

Very truly yours,

[Signature]
February 5, 1981

Hawkins, Delafield & Wood
67 Wall Street, New York 10005

As representatives of the several Underwriters
named in Schedule I to the Bond Purchase
Agreement dated January 21, 1981 with the
Municipal Assistance Corporation For The
City of New York.

c/o Salomon Brothers
One New York Plaza
New York, New York 10004

Gentlemen:

We are Bond Counsel to the Municipal Assistance Corporation For The City of New York (the
"Corporation") and are this day rendering our final approving opinion (the "Opinion") relating to the
authorization and issuance of the Corporation's Series 27 Bonds (the "Series 27 Bonds"), dated February
1, 1981 and authorized by the Second General Bond Resolution (the "Second General Bond Resolution"),
adopted by the Corporation on November 25, 1975, as amended and supplemented, and the Series
27 Resolution (the "Series 27 Resolution"), adopted January 21, 1981, together with Warrants (the
"Warrants") authorized by the Warrant Resolution (the "Warrant Resolution"), adopted January 21,
1981 to purchase the Corporation's Series 28 Bonds (the "Series 28 Bonds") authorized by the Second
General Bond Resolution and the Series 28 Resolution (the "Series 28 Resolution"), adopted January 21,
1981 (the Series 27 Bonds with Warrants being hereinafter referred to as the "Securities"). The Second
General Bond Resolution, the Series 27 Resolution and the Series 28 Resolution are hereinafter collectively referred to as the "Resolutions". The Opinion is being rendered in connection with the delivery of the Securities to Salomon Brothers on behalf of the Underwriters named in Schedule I to the Bond Purchase Agreement for the Securities (the "Bond Purchase Agreement") by and among you, as representatives of said Underwriters and the Corporation.

In connection with the rendering of the Opinion, we have reviewed records of the acts taken by the
Corporation in connection with the authorization, sale and issuance of the Securities and the Series 28
Bonds including a record of proceedings of the Corporation relating to the authorization, execution and
delivery of the Bond Purchase Agreement and the Warrant Agreement dated as of February 1, 1981 between the Corporation and United States Trust Company of New York, as warrant agent, were present at various meetings in connection therewith and have participated with others in the preparation of various parts of the Official Statement with respect to the Securities dated January 21, 1981 (the "Official Statement").

In connection with the sale of the Securities, at the request of the Corporation, we participated and assisted as Bond Counsel in the preparation of the Official Statement and have reviewed the information and representations contained therein. Rendering such assistance involved, among other things, discussions and inquiries concerning various and related subjects, and reviews of and reports on certain documents and proceedings. We also participated in conferences with the board of directors of the Corporation and its officers, agents and employees, the State Comptroller and his deputy, Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel for the Corporation, you and your counsel, White & Case, at which the contents of the Official Statement and related matters were discussed and revised.

The statements set forth in the Official Statement under the headings PAYMENT OF THE BONDS (other than the statistical and financial information under the headings "Per Capita Aids", "Sales Tax", "Quarterly Collections of Sales and Compensating Use Taxes in the City" and "Quarterly Collections of Stock Transfer Tax"), DEBT SERVICE PAYMENT REQUIREMENTS AND ESTIMATED COVERAGE RATIOS (other than the statistical and financial information set forth therein), BONDS AND WARRANTS BEING OFFERED (other than the information under the heading "Certain Tax Consequences"), AGREEMENT OF THE STATE OF NEW YORK and SUMMARY OF CERTAIN PROVISIONS OF THE SECOND GENERAL BOND RESOLUTION are accurate statements or summaries of the statutory provisions, documents or matters therein set forth.

In the course of the preparation of the Official Statement and in rendering the Opinion and this opinion we have received and relied upon the certificate of no litigation of the Corporation including statements to the effect that, except as noted in the Official Statement, there is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Securities, or in any way contesting or affecting the validity of the Securities, any proceedings of the Corporation taken with respect to the issuance thereof, the pledge or application of any revenues, moneys or securities provided for the payment of the Series 27 Bonds or the existence or powers of the Corporation. In such connection, we have also received and relied upon the opinion of Paul, Weiss, Rifkind, Wharton & Garrison, dated the date hereof, with respect to the absence of litigation against the Corporation. While, except as above stated with respect to information under certain specific headings, we have not undertaken to verify independently and take no responsibility for the correctness or completeness of the statements made in the Official Statement (or in the statistical and financial information as to which we express no opinion) we can and do advise you that in the course of our participation in the preparation of the Official Statement and in our review thereof in the light of the discussion, inquiries and conferences referred to above, nothing has come to our attention which would lead us to believe that the Official Statement contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

We are further of the opinion that the Bond Purchase Agreement has been duly authorized, executed and delivered by, and constitutes a binding agreement of, the Corporation, enforceable in accordance with its terms.

We are further of the opinion that the Series 28 Resolution has been duly and lawfully adopted by the Corporation and is in full force and effect and is valid and binding upon the Corporation and enforceable in accordance with its terms.

We are further of the opinion that the issuance and sale to you of the Securities pursuant to and as contemplated by the Bond Purchase Agreement is exempt from registration under the Securities Act of 1933, as amended, and the resale of the Securities by you would be similarly exempt from registration.
under the Securities Act of 1933, as amended, and there is no requirement for the qualification of the Resolutions or any indenture with respect to the Securities or the Series 28 Bonds pursuant to the Trust Indenture Act of 1939, as amended, and the Warrants, the Series 27 Bonds and the Series 28 Bonds constitute "municipal securities" within the meaning of the Securities Exchange Act of 1934, as amended.

We are further of the opinion that the Series 27 Bonds and the Series 28 Bonds are legal investments, under present provisions of New York law, for all public officers and bodies of the State and political subdivisions of the State and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the State.

Very truly yours,

[Signature]

Hawkins, Deloffre & Wood
February 5, 1981

Municipal Assistance Corporation
For The City of New York
New York, New York

Gentlemen:

We have reviewed the accompanying arbitrage certificate of Mr. Steven J. Kantor, Treasurer of the Municipal Assistance Corporation For The City of New York (herein called the "Corporation") relating to the reasonable expectation as of the date of issuance of the Corporation's Series 27 Bonds, dated February 1, 1981 (herein called the "Bonds"), that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended to the date hereof.

Based upon our examination of law and review of such certification, it is our opinion that the facts, estimates and circumstances set forth in such certification are sufficient to satisfy the criteria which are necessary under said Section 103(c) and Sections 1.103-13, 1.103-14 and 1.103-15 of the regulations thereunder to support the conclusion that the Bonds will not be "arbitrage bonds" within the meaning of said Section of the Code. No matters have come to our attention which, in our opinion, makes unreasonable or incorrect the representations made in such certification.

Very truly yours,

[Signature]

Hawkins, Delafield & Wood
67 Wall Street, New York 10005
February 5, 1981

Municipal Assistance Corporation
For The City of New York
New York, New York

Gentlemen:

You have requested our opinion as to (i) the validity of the New York State Financial Emergency Act For The City of New York (Chapter 868 of the Laws of New York of 1975) as amended to the date hereof (the "Act") and (ii) the enforceability by a holder of obligations of the Municipal Assistance Corporation For The City of New York (the "Corporation") of the covenant of the State of New York authorized and required to be included in certain of such obligations pursuant to Section 10-a of the Act (the "State Covenant") assuming the State Covenant is included in such obligation.

Although the matter is not free from doubt, we are of the opinion that a court of final jurisdiction would hold:

1. That the Act has been duly enacted, and under the Constitution and laws of the State, is valid; provided, however, that we expressed no opinion with respect to those portions of the Act relating to collective bargaining.

2. That the State Covenant is enforceable against the State by any holder of an obligation of the Corporation reciting the State Covenant, provided that the court in which enforcement is sought holds that its inclusion in such obligation constitutes an important security provision of such obligation.

The foregoing is limited to the extent that the enforceability of the Act or any part thereof is subject at all times to the proper exercise of the State's reserve police power.

Very truly yours,

[Signature]
February 5, 1981

SALOMON BROTHERS
GOLDMAN, SACHS & CO.
MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
CITIBANK, N.A.
THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
BACHE HALSY STUART SHEFFELS INCORPORATED
BEAR, STEARNS & CO.
L. F. ROTHSCHILD, UNTERBERG, TOWBIN
As Representatives of the Underwriters
c/o Salomon Brothers
One New York Plaza
New York, New York 10004

Dear Sirs:

We have acted as counsel for you and the other Underwriters named in Schedule I to the Bond Purchase Agreement dated January 21, 1981 (the “Bond Purchase Agreement”) between you and Municipal Assistance Corporation For The City of New York (the “Corporation”), under which you and such other Underwriters jointly and severally agree to purchase from the Corporation $100,000,000 aggregate principal amount of its Series 27 Bonds (the “Series 27 Bonds”) together with Warrants (the “Warrants”) to purchase $100,000,000 aggregate principal amount of the Corporation’s Series 28 Bonds (the “Series 28 Bonds”) (the Series 27 Bonds together with the Warrants being hereinafter referred to as the “Securities”). The Series 27 Bonds have been issued pursuant to the Second General Bond Resolution (the “Second General Bond Resolution”) and the Series 27 Resolution (the “Series 27 Resolution”) adopted by the Board of Directors of the Corporation on November 25, 1975 and January 21, 1981, respectively. The Series 28 Bonds will be issued pursuant to the Second General Bond Resolution and the Series 28 Resolution (the “Series 28 Resolution”) adopted by the Board of Directors of the Corporation on January 21, 1981. The Second General Bond Resolution, the Series 27 Resolution and the Series 28 Resolution are herein collectively called the “Resolutions”. Pursuant to the Resolutions, the Corporation has designated United States Trust Company of New York as trustee (the “Trustee”). The Warrants have been made, executed and delivered by the Corporation pursuant to the Warrant Resolution (the “Warrant Resolution”) adopted by the Board of Directors of the Corporation on January 21, 1981 and the Warrant Agreement (the “Warrant Agreement”) dated as of February 1, 1981 between the Corporation and United States Trust Company of New York, as warrant agent (in such capacity, the “Warrant Agent”).

In connection with the offering of the Securities, the Corporation has prepared and authorized the distribution of an official statement dated January 21, 1981 (the “Official Statement”).
In acting as your counsel, we have participated in the preparation of the Official Statement and have examined the originals, or copies thereof certified to our satisfaction, of such corporate records of the Corporation, certificates of public officials, certificates of officers of the Corporation and such other documents, records and papers as we have deemed necessary or appropriate in order to give the opinions expressed herein. We have relied upon such certificates of officers of the Corporation and other certifications with respect to the accuracy of material factual matters contained therein which were not independently established. In addition, we have, with your approval, assumed that the Series 27 Bonds have been duly executed on behalf of the Corporation and duly authenticated by the Trustee, that the Warrants have been duly executed on behalf of the Corporation and countersigned by the Warrant Agent, and that the signatures on all documents and instruments examined by us are genuine, which assumptions we have not independently verified.

Based upon the foregoing, it is our opinion that:

1. The Corporation is duly created and validly exists as a corporate governmental agency and instrumentality of the State of New York (the “State”), constituting a public benefit corporation under the laws of the State.

2. The Resolutions and the Warrant Resolution have been duly and validly adopted by the Corporation and are in full force and effect and no further authorization for the Resolutions or the Warrant Resolution is required.

3. The Series 27 Bonds have been duly authorized and issued by the Corporation in accordance with the laws of the State, the Second General Bond Resolution and the Series 27 Resolution.

4. The Warrants have been duly authorized, made, executed and delivered by the Corporation in accordance with the laws of the State, the Warrant Resolution and the Warrant Agreement.

5. The issuance of the Series 28 Bonds has been duly authorized by proper corporate proceedings of the Corporation.

6. The Bond Purchase Agreement and the Warrant Agreement have been duly authorized, executed and delivered by the Corporation.

7. The offering and sale of the Securities by the Corporation, and the resale of the Securities by you as contemplated by the Bond Purchase Agreement and the Official Statement, do not require registration under the Securities Act of 1933, as amended, or qualification of the Resolutions under the Trust Indenture Act of 1939, as amended. The Series 27 Bonds and the Warrants constitute “municipal securities” within the meaning of the Securities Exchange Act of 1934, as amended.

In the course of the preparation by the Corporation of the Official Statement, we and representatives of the Underwriters participated in numerous conferences and conversations with general counsel and bond counsel for the Corporation and with certain officers and representatives of the Corporation, and we also consulted on numerous occasions with representatives of certain of the Underwriters. We are not passing upon the accuracy, completeness, or fairness of the information contained in the Official Statement. In this connection, with your concurrence, we did not undertake any independent examination or review of, or otherwise attempt to make any independent verification of, (i) any records of proceedings of, or any factual matters relating to or otherwise involving, the Corporation, the State or any authority, agency or political subdivision thereof or therein, or (ii) any other factual matters contained in the Official Statement. It is our understanding that you are relying upon the preparation of the Official Statement by the Corporation and certifications of various officers and officials of the Corporation, the State and The City of New York as to the accuracy, completeness and fairness of the statements contained therein. Further, we are not in a position to provide, and we hereby expressly disclaim, any commentary or assurances as to the adequacy or accuracy of the financial statements and other financial and statistical data contained in the Official Statement. Subject to the foregoing limitations with respect to our engagement, no information was disclosed to us in connection with the preparation of the Official Statement or
in our conferences or conversations referred to above which has caused us to believe that the Official Statement, as of the date thereof, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

While we have not independently passed upon the validity of the Series 27 Bonds, the Warrants or the Series 28 Bonds, we hereby confirm that all proceedings of the Corporation and related matters, including the opinion addressed to you of Paul, Weiss, Rifkind, Wharton & Garrison, general counsel for the Corporation and the opinions of Hawkins, Delafield & Wood, bond counsel for the Corporation, each of even date herewith and delivered to you today, are satisfactory in form and substance to us and we believe that you are justified in relying thereon.

Very truly yours,
February 5, 1981

Salomon Brothers
Goldman, Sachs & Co.
Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Citibank, N.A.
The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin

As Representatives of the Underwriters
c/o Salomon Brothers
One New York Plaza
New York, New York 10004

Dear Sirs:

Reference is made to our opinion to you of even date herewith with respect to the Series 27 Bonds with Warrants of Municipal Assistance Corporation For The City of New York. We hereby confirm to you that, while we have not participated in conferences or conversations regarding the accuracy, completeness or fairness of the information contained in the Official Statement referred to in such opinion with those involved in its preparation or otherwise undertaken any investigation with respect to the information contained in such Official Statement subsequent to its date, nothing has come to our attention which has caused us to believe that such Official Statement, as of this date, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Very truly yours,
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
(A Public Benefit Corporation of the State of New York)

$100,000,000
SERIES 27 BONDS, DUE JULY 1, 2008
with
WARRANTS TO PURCHASE UNTIL JANUARY 18, 1983
$100,000,000
SERIES 28 BONDS, DUE JULY 1, 2007

BLUE SKY MEMORANDUM

January 15, 1981

SALOMON BROTHERS
GOLDMAN, SACHS & CO.
MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
CITIBANK, N.A.
The Chase Manhattan Bank (National Association)
Morgan Guaranty Trust Company of New York
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
L. F. Rothschild, Unterberg, Towbin
As Representatives of the Underwriters
c/o Salomon Brothers
One New York Plaza
New York, New York 10004

Dear Sirs:

In connection with the proposed offering of $100,000,000 aggregate principal amount of the Series 27 Bonds (hereinafter referred to as the “Bonds”) with Warrants to purchase $100,000,000 aggregate principal amount of the Series 28 Bonds (hereinafter referred to as the “Warrants”) of the Municipal Assistance Corporation For The City of New York (the “Corporation”), we have prepared the accompanying Preliminary Blue Sky Survey relating to the provisions of the securities or Blue Sky laws of the jurisdictions enumerated therein. The Survey is based upon an examination of such laws as reported in the latest unofficial compilations available to us and upon financial and other information furnished by officers of the Corporation or contained in the Preliminary Official Statement dated January
15, 1981. The Survey covers (i) offers of and solicitation of offers to purchase the Bonds and Warrants ("offers"), made orally or by means of the Preliminary Official Statement before issuance of the Official Statement in final form; and (ii) sales or contracts of sale of the Bonds and Warrants ("sales") after issuance of the Official Statement in final form.

The Survey is based upon the opinion of Bond Counsel that the Corporation is a corporate governmental agency and instrumentality of the State of New York and upon the assumptions that the offers and sales will be made in accordance with the applicable statements contained in the Official Statement and at a price not in excess of the initial public offering price specified therein, that the necessary banking authority approvals have been obtained, and that the Bonds and Warrants will be purchased by you and the other Underwriters and will be sold by the purchasers for their own account.

The Survey also is subject to the following qualifications:

(a) Although informal rulings from the securities commissions or other similar administrative bodies having jurisdiction have in some instances been obtained, such rulings do not in every case represent authoritative interpretations of the provisions in question. No opinions have been obtained from local counsel and we do not purport to be experts as to the laws of any state other than New York.

(b) Requirements relating to advertising matter published in any jurisdiction have not been considered.

(c) The conclusions set forth in the Survey are subject to the exercise of broad discretionary powers of the securities commissions or other similar administrative bodies having jurisdiction, including the power to withdraw exemptions or special classifications accorded by statute or regulation, to make specific requirements in respect of any offering of securities and to suspend or revoke at any time the registration or qualification of securities for offering in their respective jurisdictions.

Very truly yours,

WHITE & CASE
Preliminary Blue Sky Survey

Municipal Assistance Corporation for the City of New York
(A Public Benefit Corporation of the State of New York)

$100,000,000

Series 27 Bonds, Due July 1, 2008
with
Warrants to Purchase Until January 18, 1983
$100,000,000
Series 28 Bonds, Due July 1, 2007

Part I
Offers and Sales to the Public by Banks and Registered Dealers

A. Banks, without registration as brokers or dealers except as indicated below, and dealers, registered or licensed in the jurisdictions listed below, may offer the Bonds and Warrants to the public before the Official Statement in final form is issued and may sell the Bonds and Warrants to the public after it is issued, without registration of the Bonds and Warrants or other filings being made in the following jurisdictions:

<table>
<thead>
<tr>
<th>Alabama</th>
<th>Kansas</th>
<th>Ohio(3)(5)</th>
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</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>Kentucky</td>
<td>Oklahoma</td>
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<td>Arizona(1)</td>
<td>Louisiana(3)</td>
<td>Oregon</td>
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<tr>
<td>Arkansas</td>
<td>Maine(3)</td>
<td>Pennsylvania</td>
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<td>California</td>
<td>Maryland</td>
<td>Puerto Rico</td>
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<tr>
<td>Colorado</td>
<td>Massachusetts</td>
<td>Rhode Island(3)</td>
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<tr>
<td>Connecticut</td>
<td>Michigan</td>
<td>South Carolina</td>
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<tr>
<td>Delaware</td>
<td>Minnesota</td>
<td>South Dakota(3)</td>
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<tr>
<td>District of Columbia</td>
<td>Mississippi(3)(5)</td>
<td>Tennessee</td>
</tr>
<tr>
<td>Florida(2)</td>
<td>Missouri</td>
<td>Texas(3)</td>
</tr>
<tr>
<td>Georgia</td>
<td>Montana</td>
<td>Utah</td>
</tr>
<tr>
<td>Guam</td>
<td>Nebraska</td>
<td>Vermont(3)</td>
</tr>
<tr>
<td>Hawaii(3)</td>
<td>Nevada(6)</td>
<td>Virginia</td>
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<tr>
<td>Idaho</td>
<td>New Jersey</td>
<td>Washington</td>
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<tr>
<td>Illinois(4)</td>
<td>New Mexico</td>
<td>West Virginia</td>
</tr>
<tr>
<td>Indiana</td>
<td>New York</td>
<td>Wisconsin</td>
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<tr>
<td>Iowa</td>
<td>North Carolina</td>
<td>Wyoming</td>
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<tr>
<td></td>
<td>North Dakota(3)</td>
<td></td>
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</tbody>
</table>

(1) Registration as a dealer is required of banks not regulated by an agency of Arizona or the United States.
(2) A bank must register as a dealer unless it is authorized to do business in Florida.
(3) Banks must register as brokers or dealers in this state.
(4) Banks not organized under the laws of Illinois or the United States must register as dealers in this state.
(5) Application for confirmation of exemption is being filed. Before making any offers or sales, dealers should communicate with Salomon Brothers for information as to final approval.
(6) Registration or licensing as a dealer is not required in Nevada, provided the dealer or broker is either registered pursuant to the provisions of the Securities Exchange Act of 1934, as amended, or is a member of the National Association of Securities Dealers, Inc. or is a bank.

B. The Bonds and Warrants are not exempt in the State of New Hampshire and dealers and banks, which must be registered as dealers in New Hampshire unless acting as agents for their customers, may not offer or sell the Bonds and Warrants to the public until the securities are qualified and approved for sale by the Insurance Commissioner. The requisite action is being taken to qualify the Bonds and Warrants for sale in New Hampshire. Dealers should communicate with Salomon Brothers for information as to approval.
PART II
Exempt Transactions

Dealers

Offers before the Official Statement in final form is issued, and sales after it is issued, may be made to dealers and brokers in the jurisdictions listed below without registration of the Bonds or Warrants or any filings being made in such jurisdictions. Persons making such offers and sales need not be registered or licensed as dealers or brokers in these jurisdictions except as otherwise indicated.

Alabama
Alaska(1)
Arizona
Arkansas(1)
California(2)
Colorado(1)
Connecticut(3)
Delaware(1)
District of Columbia(1)
Florida
Georgia
Guam(1)
Hawaii(4)
Idaho
Illinois
Indiana(1)
Iowa(5)
Kansas
Kentucky
Louisiana(6)
Maine
Maryland(1)
Massachusetts(1)
Michigan(1)
Minnesota(1)
Mississippi
Missouri(1)
Montana
Nebraska
Nevada(7)
New Hampshire(8)
New Jersey(9)
New Mexico
New York
North Carolina(1)
North Dakota
Ohio
Oklahoma(1)
Oregon
Pennsylvania(10)
Puerto Rico(1)
Rhode Island
South Carolina
South Dakota
Tennessee(11)
Texas(6)
Utah(1)
Vermont
Virginia
Washington
West Virginia(1)
Wisconsin(1)(12)
Wyoming(1)

(1) Provided offeror or seller is a bank, savings institution or trust company; or is a registered or licensed dealer or broker in this jurisdiction; or has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with exempt institutions.

(2) Provided offeror or seller is a bank, trust company, or savings and loan association, or is registered as a broker-dealer in California; or has no place of business in California, and effects transactions in California exclusively with broker-dealers; or is a broker-dealer registered under the Securities Exchange Act of 1934, has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, has no place of business in California and offers or sells securities in California exclusively to broker-dealers or exempt institutions.

(3) Provided offeror or seller is a state bank and trust company, a national banking association, a mutual savings bank, a savings and loan association, a federal savings and loan association, a credit union, a federal credit union, or trust company, or person who has no place of business in Connecticut and effects transactions exclusively with broker-dealers or exempt institutions.

(4) Provided offeror or seller is a registered dealer in Hawaii, or has no place of business in Hawaii and effects transactions in Hawaii exclusively with or through registered dealers or with exempt institutions.

(5) Provided offeror or seller is an institutional investor, including an insurance company or bank; or is registered as a broker-dealer in Iowa, or has no place of business in Iowa and effects transactions in Iowa exclusively with or through registered broker-dealers or with exempt institutions.

(6) Provided offeree or purchaser is a dealer or broker actually engaged in buying and selling securities as a business.

(7) Provided offeror or seller is a bank, or is registered as a broker-dealer in Nevada, or is registered as a broker or dealer pursuant to the provisions of the Securities Exchange Act of 1934, or is a member of the National Association of Securities Dealers, Inc., or has no place of business in Nevada and effects transactions in Nevada exclusively with or through broker-dealers or with exempt institutions.

(8) Provided offeror or seller is a registered dealer in New Hampshire.

(9) Provided offeror or seller is a bank, savings institution or trust company; or a registered broker-dealer in New Jersey; or effects transactions in New Jersey exclusively with or through registered broker-dealers or with exempt institutions.

(10) Provided offeror or seller is a bank, banking and trust company, savings bank, trust company, private bank, or savings and loan association effecting transactions for its own account or executing orders for the sale of securities for the account of the seller thereof; or is a registered broker-dealer in Pennsylvania, or has no place of business in Pennsylvania and effects transactions in Pennsylvania exclusively with or through registered broker-dealers or with exempt institutions.

(11) Provided offeror or seller is a bank or registered dealer in Tennessee.

(12) Provided further that a bank, savings institution or trust company located in Wisconsin, if not registered as a broker-dealer therein, effects transactions for its own account or as agent for the seller pursuant to bank agency regulation.
### Institutions

Offers before the Official Statement in final form is issued, and sales after it is issued, may be made in the following jurisdictions to the institutions specified, without registration of the Bonds or Warrants or any filings being made. Persons making such offers and sales need not be registered or licensed as dealers or brokers in these jurisdictions, unless otherwise indicated. This Survey does not cover the status of the Bonds and Warrants with respect to eligibility for investment by any of the institutions mentioned.

<table>
<thead>
<tr>
<th>State</th>
<th>Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>Any bank, savings institution, credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.</td>
</tr>
<tr>
<td>Alaska(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>Arizona</td>
<td>Any bank, savings institution, insurance company, agency or instrumentality of the United States or of a state, or any person a principal part of whose business consists of buying securities.</td>
</tr>
<tr>
<td>Arkansas(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>California(2)</td>
<td>Any bank, savings and loan association, trust company, insurance company, investment company registered under the Investment Company Act of 1940, pension or profit-sharing trust (other than a pension or profit-sharing trust of the issuer, a self-employed individual retirement plan, or individual retirement account), wholly-owned subsidiary of the foregoing institutional investors, college or university which has total endowment funds of not less than $5,000,000, or corporation which has a net worth of not less than $14,000,000; provided the purchaser, whether acting for itself or as trustee, represents that it is purchasing for its own account (or for such trust account) for investment and not with a view to or for sale in connection with any distribution of the security; or any government, government agency, state university or state college or their employee retirement systems.</td>
</tr>
<tr>
<td>Colorado(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>Connecticut(1)</td>
<td>Any state bank and trust company, national banking association, mutual savings bank, savings and loan association, credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>Delaware(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>District of Columbia(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.</td>
</tr>
<tr>
<td>Florida</td>
<td>Any bank or trust company, whether acting in its individual or fiduciary capacity, savings institution, insurance company, regulated investment company, or a pension or profit-sharing plan having assets not less than $500,000.</td>
</tr>
</tbody>
</table>
Georgia ........................ Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, real estate investment trust, small business investment corporation, pension or profit sharing plan or trust, or other financial institution, whether the purchaser is acting for itself or in some fiduciary capacity.

Guam(1) ....................... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

Hawaii(3) ................. Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

Idaho ......................... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Illinois ..................... Any corporation, bank, savings institution, trust company, insurance company, building and loan association, pension fund or pension trust, employees' profit-sharing trust, association engaged as a substantial part of its business or operations in purchasing or holding securities, or a trust in respect of which a bank or trust company is trustee or co-trustee.

Indiana(1) .................. Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

Iowa(4) ...................... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

Kansas ....................... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer.

Kentucky ................. Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Louisiana ................... Any bank, savings institution, trust company, insurance company, or corporation.

Maine(5) ..................... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Maryland(1) .............. Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

Massachusetts(1) .... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.
Michigan(1) .............. Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

Minnesota(1) ............. Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Mississippi ............... Any bank, savings institution, trust company, insurance company, agency or instrumentality of the United States or of a state, or any person a principal part of whose business consists of buying securities.

Missouri(1) ............. Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

Montana ............... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Nebraska ............. Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

Nevada(6) .............. Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

New Hampshire .......... No one.

New Jersey(7) .......... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

New Mexico ............. Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

New York ............. Any bank or syndicate, corporation or group formed for the specific purpose of acquiring such securities for resale to the public directly or through other syndicates or groups.

North Carolina(1)(8) .... Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

North Dakota .......... Any bank, savings bank, savings institution, trust company, insurance company or any corporation, organization or association, a principal part of whose business consists of the buying of securities.

Ohio(5) ........ Any institutional investor, defined as any corporation, bank, insurance company, pension fund or trust, employees' profit-sharing fund or trust, any association engaged, as a substantial part of its business or operations, in purchasing or holding securities, or any trust in respect of which a bank is trustee or co-trustee.
<table>
<thead>
<tr>
<th>State</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Oklahoma(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
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<td></td>
<td>company as defined in the Investment Company Act of 1940, pension or profit-</td>
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<td>sharing trust, or other financial institution or institutional buyer,</td>
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<td>whether the purchaser is acting for itself or as trustee.</td>
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<td>Oregon</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
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<td>company, pension or profit-sharing trust, or other financial institution or</td>
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<td>institutional buyer.</td>
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<td>Pennsylvania(9)</td>
<td>Any institutional investor, defined as any bank, insurance company, pension</td>
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<td>or profit-sharing plan or trust, investment company, as defined in the</td>
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<td>Investment Company Act of 1940, other financial institution or any person,</td>
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<td>other than an individual, which controls any of the foregoing, whether the</td>
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<td>buyer is acting for itself or in some fiduciary capacity, the Federal</td>
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<td>Government, State or any agency or political subdivision thereof or any</td>
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<td>other person designated by regulation of the Pennsylvania Securities</td>
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<td>Commission.</td>
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<td>Puerto Rico(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
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<td>company as defined in the Investment Companies Act of Puerto Rico, pension</td>
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<td>or profit-sharing trust, or other financial institution or institutional</td>
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<td>buyer, whether the purchaser is acting for itself or as trustee.</td>
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<td>Rhode Island</td>
<td>Any national bank, or any bank, trust company, insurance company or</td>
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<td>association under the supervision of the Director of Business Regulation,</td>
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<td>investment company as defined in the Investment Company Act of 1940,</td>
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<td>pension or profit-sharing trust, or institutional buyer, such securities</td>
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<td>being purchased by such institution for its own account and investment.</td>
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<td>South Carolina(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
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<td></td>
<td>company as defined in the Investment Company Act of 1940, pension or</td>
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<td>profit-sharing trust, or other financial institution or institutional</td>
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<td>buyer, whether the purchaser is acting for itself or as trustee.</td>
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<td>South Dakota</td>
<td>Any bank, savings institution, trust company, insurance company, savings,</td>
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<td>and loan association, investment company as defined in the Investment</td>
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<td>Company Act of 1940, pension or profit-sharing trust, the state or any</td>
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<td>state agency or political subdivision thereof, or other financial</td>
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<td>institution or institutional buyer, whether such person is acting for itself</td>
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<td>or as trustee.</td>
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<td>Tennessee(10)</td>
<td>Any bank, trust company, insurance company, investment company registered</td>
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<td>under the Investment Company Act of 1940, as amended, a holding company</td>
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<td>which controls any of the foregoing, a trust or fund over which any of</td>
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<td>the foregoing has or shares investment discretion, or any other person</td>
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<td>engaged as a substantial part of its business in investing in securities</td>
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<td>(except a broker-dealer), in each case having a net worth in excess of</td>
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<td>$1,000,000.</td>
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<td>Texas</td>
<td>Any bank, trust company, building and loan association, insurance company,</td>
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<td>surety or guaranty company, savings institution, investment company as</td>
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<td>defined in the Investment Company Act of 1940, or small business investment</td>
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<td>company as defined in the Small Business Investment Act of 1958, as</td>
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<td>amended.</td>
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<td>Utah(1)</td>
<td>Any bank, savings institution, trust company, insurance company, investment</td>
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<td>company as defined in the Investment Company Act of 1940, pension or profit-</td>
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<td>sharing trust, or other financial institution or institutional buyer,</td>
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<td>whether the purchaser is acting for itself or as trustee.</td>
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<td>Vermont</td>
<td>Any bank, savings institution, trust company, investment company as</td>
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<td>defined in the Investment Company Act of 1940, pension or profit-sharing</td>
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<td>trust, or other financial institution or institutional buyer, whether the</td>
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<td>purchaser is acting for itself or in a fiduciary capacity.</td>
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<tr>
<td>Virginia</td>
<td>Any corporation, investment company or pension or profit-sharing trust.</td>
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</tbody>
</table>
Washington Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or in some fiduciary capacity.

West Virginia (1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

Wisconsin (1)(11) Any bank, savings institution, trust company, insurance company, savings and loan association, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or the state or any agency or political subdivision thereof, or other financial institution or institutional investor, whether such person is acting for itself or as trustee.

Wyoming (1) Any bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, whether the purchaser is acting for itself or as trustee.

(1) Provided offeror or seller is a bank, savings institution or trust company; or is a registered or licensed dealer or broker in this jurisdiction; or has no place of business in this jurisdiction and effects transactions in this jurisdiction exclusively with or through registered or licensed dealers or brokers or with exempt institutions.

(2) Provided offeror or seller is a bank, trust company, or savings and loan association; or is registered as a broker-dealer in California or is a broker-dealer registered under the Securities Exchange Act of 1934, has not previously had any certificate denied or revoked under the California Corporate Securities Law of 1968 or any predecessor statute, has no place of business in California and offers or sells securities in California exclusively to other broker-dealers or to exempt institutions.

(3) Provided offeror or seller is a registered dealer in Hawaii, or has no place of business in Hawaii and effects transactions in Hawaii exclusively with or through registered dealers or with exempt institutions.

(4) Provided offeror or seller is an institutional investor, including an insurance company or bank; or is registered as a broker-dealer in Iowa, or has no place of business in Iowa and effects transactions in Iowa exclusively with or through registered broker-dealers or with exempt institutions.

(5) Provided offeror or seller is a registered dealer in New Jersey; or is a member of the National Association of Securities Dealers, Inc., or has no place of business in New Jersey and effects transactions in New Jersey exclusively with or through broker-dealers or with exempt institutions.

(6) Provided offeror or seller is a bank or is registered as a broker-dealer in Nevada or is registered as a broker or dealer pursuant to the provisions of the Securities Exchange Act of 1934, or is a member of the National Association of Securities Dealers, Inc., or has no place of business in Nevada and effects transactions in Nevada exclusively with or through broker-dealers or with exempt institutions.

(7) Provided offeror or seller is a bank, savings institution or trust company; or is a registered broker-dealer in New York; or effects transactions in New York exclusively with or through registered broker-dealers or with exempt institutions.

(8) A bank, savings institution, trust company, or North Carolina registered dealer may also offer and sell the Bonds and Warrants to corporations.

(9) Provided offeror or seller is a bank, banking and trust company, savings bank, trust company, private bank, or savings and loan association effecting transactions for its own account or executing orders for the sale of securities for the account of the seller thereof; or is a registered broker-dealer in Pennsylvania, or has no place of business in Pennsylvania and effects transactions in Pennsylvania exclusively with or through registered broker-dealers or with exempt institutions.

(10) Provided offeror or seller is a bank, trust company or other institutional investor; or is registered as a broker-dealer in Tennessee; or has no place of business in Tennessee and is registered as a broker-dealer with the Securities and Exchange Commission or the National Association of Securities Dealers and effects transactions in Tennessee exclusively with or through other broker-dealers or exempt institutions.

(11) Provided further that a bank, savings institution or trust company located in Wisconsin, if not registered as a broker-dealer therein, effects transactions for its own account or as agent for the seller pursuant to bank agency regulation.
MUNICIPAL ASSISTANCE CORPORATION FOR THE CITY OF NEW YORK
(A Public Benefit Corporation of the State of New York)

$100,000,000

10 1/2% SERIES 27 BONDS DUE JULY 1, 2008

with

WARRANTS TO PURCHASE UNTIL JANUARY 18, 1983

$100,000,000

10 1/2% SERIES 28 BONDS DUE JULY 1, 2007

SUPPLEMENTAL BLUE SKY MEMORANDUM

January 21, 1981

SALOMON BROTHERS

GOLDMAN, SACHS & CO.

MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

CITIBANK, N.A.

THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION)

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

BACHE HALSEY STUART SHIELDS INCORPORATED

BEAR, STEARNS & CO.

L. F. ROTHSCHILD, UNTERBERG, TOWBIN

As Representatives of the Underwriters

c/o Salomon Brothers

One New York Plaza

New York, New York 10004

Dear Sirs:

This Memorandum supplements and completes our Blue Sky Memorandum dated January 15, 1981, with reference to the offering of the Series 27 Bonds (the "Bonds") and the Warrants to purchase the Series 28 Bonds (the "Warrants") of the Municipal Assistance Corporation For The City of New York.

We wish to advise you that the actions set forth in PART I of the Preliminary Blue Sky Survey required to make the Bonds and Warrants eligible for sale by eligible banks and registered dealers to the public have been completed.

For information as to the Blue Sky status of the Bonds and Warrants in the various jurisdictions, reference is made to our Blue Sky Memorandum of January 15, 1981.

Very truly yours,

WHITE & CASE
CERTIFICATE OF TRUSTEE AS TO RECEIPT OF PROCEEDS OF THE SALE OF SERIES 27 BONDS WITH WARRANTS

The undersigned, a duly appointed and qualified officer of United States Trust Company of New York, HEREBY CERTIFIES as follows:

United States Trust Company of New York, as Trustee (Trustee) under the Second General Bond Resolution adopted November 25, 1975, as amended and supplemented (the Second General Resolution), by the Municipal Assistance Corporation For The City of New York (the Corporation), and in connection with the issuance and delivery today by the Corporation of an aggregate principal amount of $100,000,000 of its Series 27 Bonds (the Bonds) with Warrants to purchase Series 28 Bonds of the Corporation (the Warrants), as authorized by the Series 27 Resolution adopted by the Corporation on January 21, 1981, and the Warrant Resolution adopted January 21, 1981, hereby acknowledges, on behalf of the Corporation, the receipt of the proceeds of sale of the Bonds with Warrants, plus accrued interest on the Bonds, consisting of a $500,000 good faith deposit received on January 22, 1981 and the additional amount of $96,993,055.56 (representing the purchase price of the Bonds in the amount of $97,375,000 plus accrued interest in the aggregate amount of $118,055.56, less such good faith deposit) received on the date hereof, for use in accordance with instructions delivered by the Corporation to the Trustee on the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of United States Trust Company of New York this 5th day of February, 1981.

(SEAL)

Assistant Vice President

Attest:

Assistant Secretary
MUNICIPAL ASSISTANCE CORPORATION OF THE CITY OF NEW YORK

TO MORGAN GUARANTY TRUST COMPANY OF NEW YORK
NEW YORK, N.Y.

Pay to the Order of

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Date: FEB 5/1991

No. 98257

Amount: $96,993,055.56

Salomon Brothers

Attorney
On the date hereof the undersigned, pursuant to the Bond Purchase Agreement dated January 21, 1981 (the "Agreement") with the Municipal Assistance Corporation For The City of New York (the "Corporation"), acknowledges receipt from the United States Trust Company of New York, as Trustee under the Second General Bond Resolution adopted on November 25, 1975, as amended and supplemented (the "Second General Bond Resolution") and as Warrant Agent under the Warrant Agreement dated as of February 1, 1981 with the Corporation, upon the order of the Corporation, of the Series 27 Bonds (the "Series 27 Bonds") of the Corporation, in definitive form, in the aggregate principal amount of $100,000,000 issued pursuant to the Second General Bond Resolution and the Series 27 Resolution adopted January 21, 1981, together with one Warrant to purchase $5,000 principal amount of Series 28 Bonds for each $5,000 principal amount of Series 27 Bonds delivered.

The aggregate purchase price of the Bonds with Warrants is $97,375,000 plus accrued interest in the amount of $118,055.56 from February 1, 1981 to the date hereof, for a total of $97,493,055.56.

We hereby further acknowledge that the good faith check in the amount of $500,000 delivered to the Corporation on January 21, 1981 shall be applied by the Corporation to the aggregate purchase price of the Series 27 Bonds with Warrants pursuant to the Agreement.
In connection with the purchase of the Series 27 Bonds and the Warrants, the undersigned acknowledges receipt of all of the documents required to be delivered to the undersigned pursuant to the Agreement.

IN WITNESS WHEREOF, this receipt has been executed this 5th day of February, 1981.

SALOMON BROTHERS

As Representative of the Underwriters

By Robert F. Malone
Vice President
ORDER AS TO DEPOSIT AND INVESTMENT
OF PROCEEDS OF SALE OF THE
SERIES 27 BONDS WITH WARRANTS

5 February 1981

United States Trust Company
of New York
45 Wall Street
New York, New York 10005

Attention: Mr. Malcolm J. Hood
Senior Vice President

Gentlemen:

You have today received the amount of $96,993,055.56 from
the Municipal Assistance Corporation For The City of New
York (the Corporation), which, together with the good faith
deposit of $500,000 received by you on January 22, 1981,
constitutes the aggregate proceeds, including accrued
interest, of the Corporation's sale of $100,000,000 aggregate
principal amount of its Series 27 Bonds dated February
1, 1981 with Warrants to purchase Series 28 Bonds of the
Corporation (the Proceeds). You are hereby requested,
authorized and directed to deposit the Proceeds in the Cor-
poration's Series 27 Proceeds Account (the Proceeds Account).

You are hereby further requested, authorized and ordered on
February 5, 1981 (i) to deposit $14,375,000 of the Proceeds
Account in the Capital Reserve Fund under the Second General
Bond Resolution adopted on November 25, 1975, as amended and
supplemented (the Second General Resolution), and (ii) to
deposit $118,055.56 of the Proceeds Account in the Bond
Service Fund under the Second General Resolution. The
balance of $83,000,000 shall continue to be held in the
Proceeds Account pending further written direction from the
Corporation, which direction shall cause such balance to be
used to purchase bonds issued by the City of New York to
finance capital improvements.
Pending directions as to the expenditure of the Proceeds Account, the Bond Service Fund and the Capital Reserve Fund for the purposes authorized by the Second General Resolution, you are hereby requested, authorized and directed to invest the monies so deposited in the Proceeds Account, the Bond Service Fund and the Capital Reserve Fund, and any accrued interest thereon, in the manner provided in Section 702 of the Second General Resolution.

Very truly yours,

MUNICIPAL ASSISTANCE CORPORATION
FOR THE CITY OF NEW YORK

[Signature]

By [Title: Deputy Executive Director]
Municipal Assistance Corporation
For The City of New York
(A Public Benefit Corporation of the State of New York)

$100,000,000
10% Series 27 Bonds Due July 1, 2008
with Warrants to Purchase until January 18, 1993

$100,000,000
10% Series 28 Bonds Due July 1, 2007

Principal and interest on the Series 27 and 28 Bonds are payable in equal semi-annual installments on each January 1 and July 1. The Series 27 and 28 Bonds will be issued as coupon bonds in the denomination of $5,000 each, registrable as principal only, and as fully registered bonds in the denominations of $5,000 or any integral multiple of $5,000. Coupon and premium payments on both Series are taxable for federal income tax purposes.

The Series 27 and 28 Bonds are subject to redemption at the option of the Corporation on or after July 1, 1991, at par and at any interval of one year or more thereafter, beginning on July 1, 1991, at a redemption price equal to the sum of the unredeemed principal and the premium interest thereon, if any, at par plus an additional amount equal to the difference between the sum of the unredeemed principal and the premium interest thereon, if any, at par and the unredeemed principal plus any additional amount thereon which is payable for par value interest.

The Trustee under the Second General Bond Resolution (pursuant to which the Series 27 and 28 Bonds are to be issued) is a United States Trust Company of New York.

10% Series 27 Term Bonds due July 1, 2008 with Warrants @ 100%

(Plus accrued interest from February 1, 1991)

These bonds will be sold subject to and in accordance with the terms of the Trust Agreement and the indenture under which the bonds are to be issued, which are incorporated herein by reference. The bonds will be unsecured, and the Corporation will have no liability therefor.

The bonds will be subject to taxation for federal income tax purposes.

The bonds will be registered in the names of the respective holders, and any payee or transferee of such bonds shall have the same rights and remedies as the registered holder.

The bonds will be issued with warrants to purchase 10% Series 27 Bonds due July 1, 2008 with Warrants @ 100%

(Plus accrued interest from February 1, 1991)

The bonds will be sold subject to and in accordance with the terms of the Trust Agreement and the indenture under which the bonds are to be issued, which are incorporated herein by reference. The bonds will be unsecured, and the Corporation will have no liability therefor.

The bonds will be subject to taxation for federal income tax purposes.

The bonds will be registered in the names of the respective holders, and any payee or transferee of such bonds shall have the same rights and remedies as the registered holder.

The bonds will be issued with warrants to purchase 10% Series 28 Bonds due July 1, 2007 with Warrants @ 100%

(Plus accrued interest from February 1, 1991)

These bonds will be sold subject to and in accordance with the terms of the Trust Agreement and the indenture under which the bonds are to be issued, which are incorporated herein by reference. The bonds will be unsecured, and the Corporation will have no liability therefor.

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(Plus accrued interest from February 1, 1991)

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(Plus accrued interest from February 1, 1991)

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The bonds will be subject to taxation for federal income tax purposes.

The bonds will be registered in the names of the respective holders, and any payee or transferee of such bonds shall have the same rights and remedies as the registered holder.
At a closing held on February 5, 1981, the Municipal Assistance Corporation For The City of New York (the "Corporation") issued and sold to the underwriters referred to in Schedule I to the Bond Purchase Agreement dated January 21, 1981 (the "Bond Purchase Agreement") among the Corporation and each of such underwriters (collectively the "Underwriters") $100,000,000 aggregate principal amount of the Corporation's Series 27 Bonds maturing on July 1, 2008 (the "Series 27 Bonds"), together with Warrants (the "Warrants") to purchase $100,000,000 aggregate principal amount of the Corporation's Series 28 Bonds maturing on July 1, 2007 (the "Series 28 Bonds"); the Series 27 Bonds were issued and the Series 28 Bonds are to be issued pursuant to the New York State Municipal Assistance Corporation Act, as amended by the Municipal Assistance Corporation For The City
of New York Act, each as further amended, said Acts being Titles I, II and III of Article 10 of the Public Authorities Law (constituting Chapter 43-A of the Consolidated Laws of the State of New York), the Second General Bond Resolution, adopted by the Corporation on November 25, 1975, as amended and supplemented (the "Second General Bond Resolution"), and the Series 27 Resolution and the Series 28 Resolution, respectively, in each case adopted by the Corporation on January 21, 1981, authorizing the Series 27 Bonds (the "Series 27 Resolution") and the Series 28 Bonds (the "Series 28 Resolution"), respectively; the Warrants were made, executed and delivered pursuant to the Warrant Resolution, adopted by the Corporation on January 21, 1981 (the "Warrant Resolution") and the Warrant Agreement dated as of February 1, 1981 (the "Warrant Agreement") between the Corporation and United States Trust Company of New York, as warrant agent (in such capacity, the "Warrant Agent").

I

The Closing

A. On February 4, 1981, a preliminary closing was held at the offices of the Corporation, Suite 8901, One World Trade Center, New York, New York. All papers to be delivered at the closing, to the extent practicable, were
executed and approved, and such papers were packaged and placed in escrow.

B. The closing (the "Closing") was held at such offices of the Corporation on February 5, 1981 at 8:30 a.m. (the "Closing Date"). The persons present at the Closing are set forth in Schedule I hereto.

C. All the transactions enumerated in divisions II and III below are considered to have taken place simultaneously, and no delivery or payment was considered to have been made until all transactions to be taken at the Closing were completed.

II

Documents Delivered at the Closing

A. From the Corporation to the representatives of the Underwriters (the "Representatives") and their counsel:


3. Bond Purchase Agreement, executed by the Corporation and Salomon Brothers as the representative of the Underwriters (the "Representative").
4. Warrant Agreement, executed by the Corporation and the Warrant Agent.

5. Extracts of the Minutes of the Board of Directors Meeting held on January 21, 1981 showing:

   (i) adoption of the Series 27 Resolution authorizing execution of the Bond Purchase Agreement and issuance of the Series 27 Bonds on the terms stated in the Bond Purchase Agreement and the Series 27 Resolution, and approving the Official Statement and authorizing the distribution of the Official Statement;

   (ii) adoption of the Series 28 Resolution authorizing the issuance of the Series 28 Bonds on the terms stated in the Warrant Agreement and the Series 28 Resolution, and authorizing the distribution of Official Statements in connection with the sale of the Series 28 Bonds; and

   (iii) adoption of the Warrant Resolution authorizing the execution and delivery of the Warrant Agreement and the Warrants.

6. Copy of the Second General Bond Resolution.

7. Copy of the Series 27 Resolution.


9. Copy of the Warrant Resolution.

10. Written order of the Corporation as to the delivery and authentication of the Series 27 Bonds and the delivery and countersignature of the Warrants.

11. Written order of the Corporation as to the authentication and delivery of the Series 28 Bonds.

12. A certificate, dated the Closing Date, of the Director of the Budget of the State of New York (the "State"), required pursuant to Section 3(a)(4) of the Bond Purchase Agreement.
13. A certificate of the Commissioner of Taxation and Finance of the State, dated the Closing Date, required pursuant to Section 3(a)(5) of the Bond Purchase Agreement. (Exhibit E to the Bond Purchase Agreement)

14. A certificate, dated the Closing Date, of the Mayor of the City of New York (the "City") or an appropriate deputy, required pursuant to Section 3(a)(6) of the Bond Purchase Agreement.

15. A certificate, dated the Closing Date, of the Comptroller of the City or an appropriate deputy, required pursuant to Section 3(a)(6) of the Bond Purchase Agreement.

16. The approval, dated January 21, 1981, of the Comptroller of the State required pursuant to Section 3(d) of the Bond Purchase Agreement.

17. A letter, dated the Closing Date, furnished by Price Waterhouse & Co., required pursuant to Section 3(g) of the Bond Purchase Agreement. (Exhibit F to the Bond Purchase Agreement)

18. A general certificate of the Corporation as to directors, officers, terms of office and other details of the Corporation, including the seal, by-laws, litigations, the Second General Bond Resolution, the Series 27 Resolution, the Series 28 Resolution, the Warrant Resolution, minutes, specimen Bonds and Warrants, signatures, and certifications, required pursuant to Section 202 of the Second General Bond Resolution, specifically as to:

(i) no default under Section 202.2(4); and

(ii) debt coverage under Section 202.3(3) - (4);

and the certifications of the Corporation, required pursuant to Section 3(a)(3) of the Bond Purchase Agreement and Section 401 of the Series 27 Resolution, with specimen Series 27 Bonds, Series 28 Bonds and Warrants attached thereto.
19. A certificate of the Commissioner of Taxation and Finance of the State, required pursuant to Section 202.3(1) of the Second General Bond Resolution.

20. A certificate of the Director of the Budget of the State as to the amount of Per Capita Aid, required pursuant to Section 202.3(2) of the Second General Bond Resolution.

21. Arbitrage certificate of the Corporation required pursuant to Section 3(a)(7) of the Bond Purchase Agreement.

B. From the Corporation to United States Trust Company of New York, as trustee (in such capacity, the "Trustee") and its counsel:

1. Copies of the following documents, all as required by Section 202 of the Second General Bond Resolution:

   (a) See item A.6 above.
   (b) See item A.7 above.
   (c) See item A.10 above.
   (d) See item A.11 above.
   (e) See item A.18 above.
   (f) See item A.19 above.
   (g) See item A.20 above.
   (h) See item E below.
   (i) See item F below.
   (j) See item G.1 below.

2. Order as to deposit and investment of the proceeds of the Series 27 Bonds with Warrants.
C. From the Corporation to the Warrant Agent and its counsel:

1. See item A.4 above.
2. See item A.8 above.
3. See item A.9 above.
4. See item A.10 above.
5. See item G.2 below.

D. From the United States Trust Company of New York to the Corporation, with executed copies to the Representatives and their counsel:

1. Certificate with attached copy of an excerpt of its by-laws showing authority for officers to authenticate the Series 27 Bonds and the Series 28 Bonds and to countersign the Warrants.

2. Opinions of Counsel for the Trustee and the Warrant Agent with respect to United States Trust Company of New York's authority to act as Trustee and Warrant Agent, together with reliance opinions to the Underwriters.

E. From The Chase Manhattan Bank, N.A. and Bank of America NT&SA to the Corporation, with copies to the Representatives and their counsel: Acceptance of the Office of Paying Agent.

F. From Messrs. Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel for the Corporation, to the Representatives and their counsel: the opinion, dated the Closing Date, addressed to the Representatives, furnished pursuant
to Section 3(a)(1) of the Bond Purchase Agreement and substantially in the form of Exhibit A thereto.

G. From Messrs. Hawkins, Delafield & Wood, Bond Counsel, to the Representatives and their counsel:

1. The opinion, dated the Closing Date, addressed to the Corporation (accompanied by a letter authorizing reliance thereon by the Underwriters), furnished pursuant to Section 3(a)(1) of the Bond Purchase Agreement and substantially in the form of Exhibit B thereto.

2. The opinion, dated the Closing Date, addressed to the Corporation (accompanied by a letter authorizing reliance thereon by the Underwriters), furnished pursuant to Section 3(a)(1) of the Bond Purchase Agreement and substantially in the form of Exhibit C thereto.

3. The opinion, dated the Closing Date, addressed to the Representatives, furnished pursuant to Section 3(a)(1) of the Bond Purchase Agreement and substantially in the form of Exhibit D thereto.

4. The opinion, dated the Closing Date, addressed to the Corporation, as to the enforceability of the 1978 State Covenant, furnished pursuant to Section 3(a)(1) of the Bond Purchase Agreement.

5. The opinion, dated the Closing Date, addressed to the Corporation, as to arbitrage, furnished pursuant to Section 3(a)(8) of the Bond Purchase Agreement.

G. From Messrs. White & Case to the Representatives:

1. The opinions, dated the Closing Date, addressed to the Representatives, furnished pursuant to Section 3(a)(2) of the Bond Purchase Agreement.
2. A survey of the applicable "Blue Sky" laws of various jurisdictions.

3. A copy of the "Tombstone" relating to the Series 27 Bonds and the Warrants.


III

Delivery of the Series 27 Bonds with Warrants and Checks at the Closing

A. Coupon bonds in bearer form representing $100,000,000 aggregate principal amount of the Corporation's Series 27 Bonds maturing on July 1, 2008, together with one Warrant to purchase $5,000 principal amount of the Corporation's Series 28 Bonds maturing on July 1, 2007 for each $5,000 principal amount of the Series 27 Bonds so delivered, were delivered to the Representatives.

B. The Representatives delivered to the Corporation a certified or official bank check in New York Clearing House funds in the amount of $96,993,055.56 which, together with the deposit of $500,000 paid pursuant to Section 5 of the Bond Purchase Agreement, constitutes payment in full of the purchase price of the Series 27 Bonds and the Warrants.

C. Receipt of the Trustee as to proceeds of the sale of the Series 27 Bonds with Warrants was given to the Representatives.
D. Receipt of the Representatives for the Series 27 Bonds and the Warrants was given to the Trustee/Warrant Agent.
Schedule I
Persons Present at the Closing

For the Corporation:

Stephen J. Weinstein
Steven J. Kantor
John G. Bove
Maxine H. Gillman

For the Trustee and the Warrant Agent:

George Boswell
Pat V. Santivasci

For the Underwriters:

Robert F. Mabon, Jr.

For Paul, Weiss, Rifkind, Wharton & Garrison, General Counsel to the Corporation:

Allen L. Thomas
Paul S. Pearlman
Dorothy A. Carey

For Hawkins, Delafield & Wood, Bond Counsel:

Donald J. Robinson
John J. Koehane
John Schrager
C. Robert Paul

For Carter, Ledyard & Milburn, Counsel to the Trustee and the Warrant Agent:

Robert A. McTamaney
Lawrence Remmel

For White & Case, Counsel to the Underwriters:

David Blair
Sandra Schecter
Ernest J.T. Loo